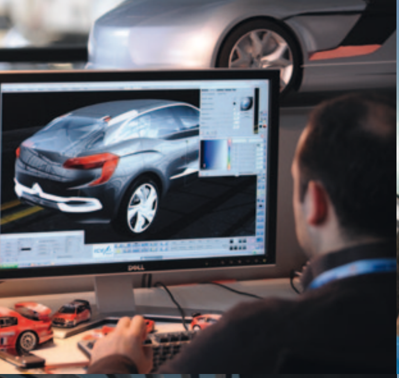
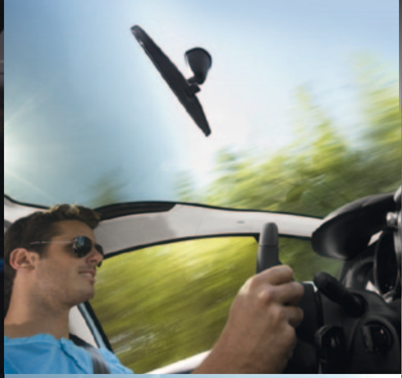
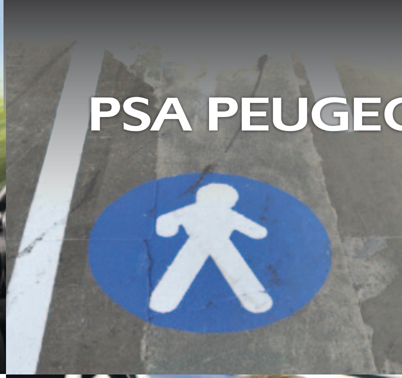
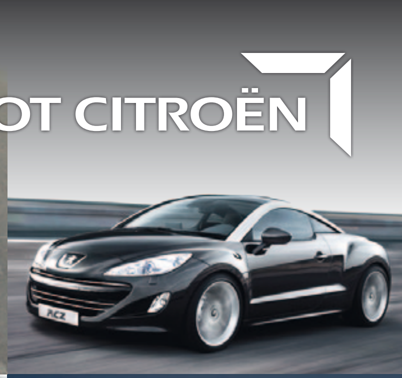
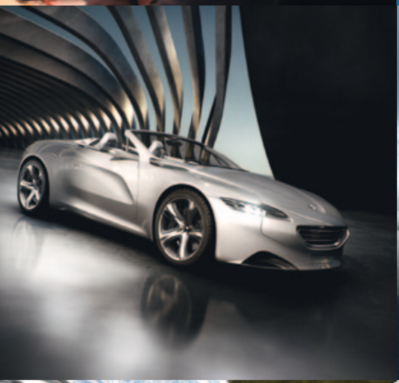
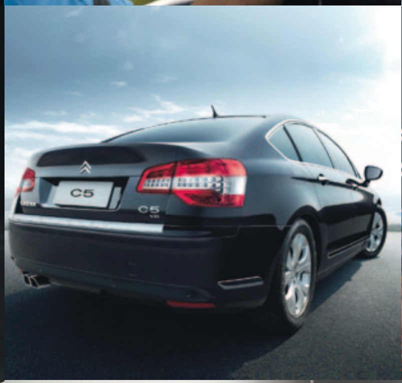
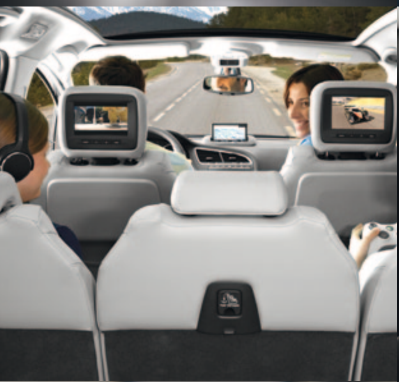
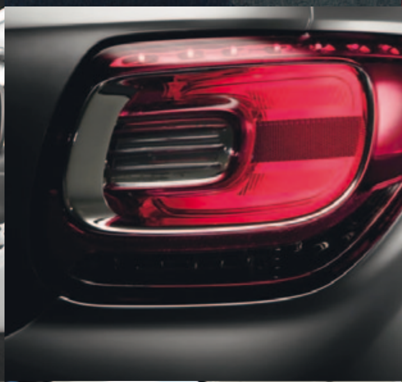
PSA PEUGEOT CITROËN

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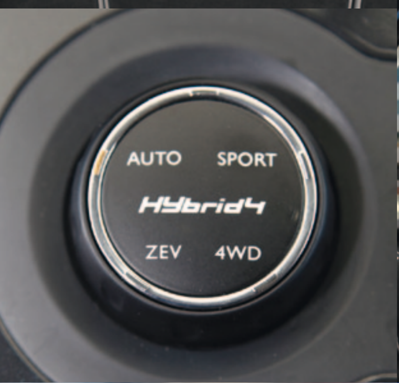


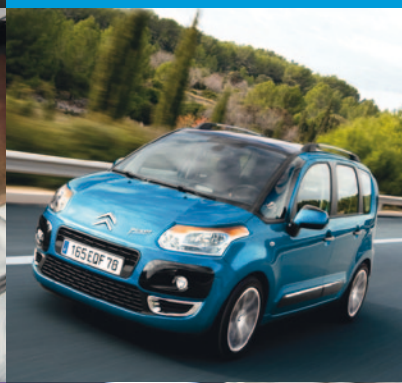
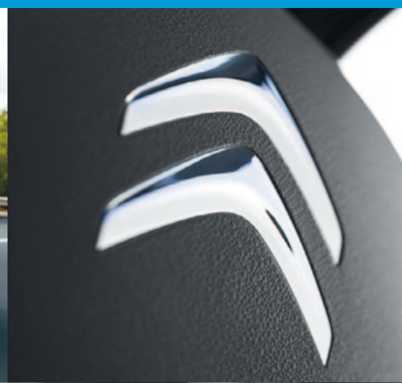
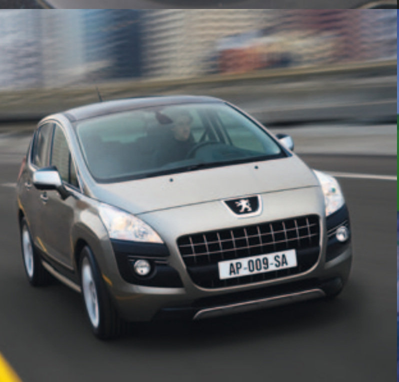
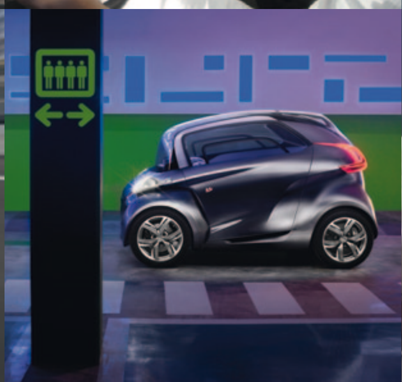

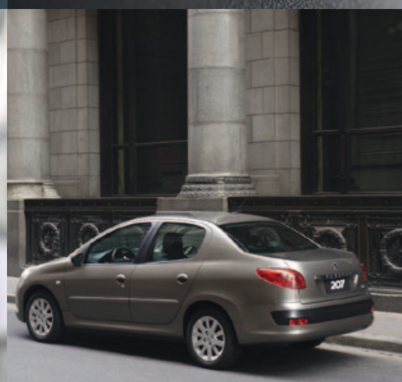
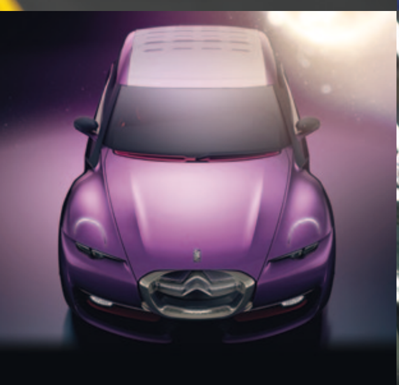

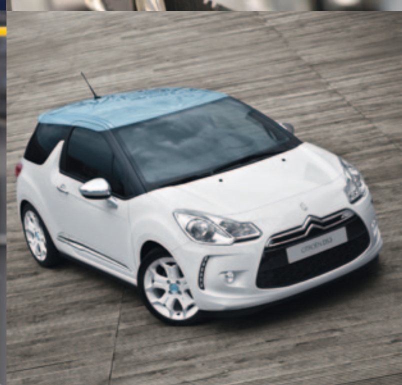


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VICE-CHAIRMEN

Jean-Philippe Peugeot

Jean-Louis Silvant

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François Michelin

Roland Peugeot

Managing Board

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MEMBERS OF THE MANAGING BOARD

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Frédéric Saint-Geours

II – FIRST HALF MANAGEMENT REPORT

1. RISK FACTORS AND UNCERTAINTIES

The principal risk factors specific to the Group – which are described on pages 14 *et seq.* of the 2009 Registration Document (Chapter 4)[1] – include:

- **Risks related to the Group's markets and business,** in particular: market cycle and country risks, new vehicle development, launch and marketing risks, current or future compliance risks, customer and dealer risk, raw materials risk, supplier risk, risks specific to Faurecia and risks associated with the cooperation agreements.
- **Industrial and 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.
- **Banque PSA Finance risk exposures**, in particular: financing-related risks for Banque PSA Finance, credit risk, liquidity and credit rating risks, Basel II and internal control system.
- **Financial market risks**: the Group is exposed to exchange rate risks and interest rate risks as well as other market risks related in particular to fluctuations in the equity markets. The Group is also exposed to counterparty and liquidity risks.
- **Legal and contractual risks**, in particular: legal and arbitrage proceedings, financial covenants, joint venture risk, risk of internal control failure, pension and other post-retirement benefit obligations, and patent risk.

[1] The original French version of the 2009 Registration Document was filed with the *Autorité des Marchés Financiers* (AMF) on 22 April 2010 under number D.10-0301, in accordance with the provisions of Article 212-13 of the General Regulations of the AMF.

2. THE GROUP'S OPERATIONS IN FIRST-HALF 2010

2.1 BUSINESS OVERVIEW

Global automotive markets rose by an aggregate 13% in the first half of 2010, led by China (up 25%) and Latin America (up 11%). Demand in Europe[2] was slightly up, but growth varied widely by country with France up 6%, Germany down 27%, Spain up 38%, United Kingdom up 19% and CEEC[3] down 12%.

In this environment, worldwide sales of PSA Peugeot Citroën assembled vehicles and CKD units increased by 16.9% to 1,856,000 during the period.
Sales of assembled vehicles alone climbed 16.7% to 1,618,000 units.
Sales of CKD units rose 18.3% to 238,000, lifted by Peugeot output.

During the first half, Peugeot was once again the world's best selling French automotive brand.

Sharp increase in market share in Europe

In a passenger car and light commercial vehicle market that rose by 1.2% in the first half, registrations of PSA Peugeot Citroën vehicles increased by a significant 7.7% to 1,213,400 units. During the period, market share improved sharply to 14.5%, up nearly 1 point compared with first-half 2009. The most notable gains were in Italy, up 1.2 points, and the United Kingdom, up 0.3 points.

During the period, the passenger car market saw scrappage incentives scaled back in France and dropped in Germany and Spain. Following robust growth in demand in the first quarter (up 9.4%), the trend line reversed, with a 7.3% decline in the second quarter.

In the light commercial vehicle market, which grew by 9.9% over the period, PSA Peugeot Citroën retained its leadership by further increasing its market share to 22.3%, versus 22.0% in first-half 2009.

[2] Europe: European Union + European Free Trade Association + Croatia
[3] CEEC: Central and Eastern Europe Countries

Successful model launches in 2009 and 2010

Models introduced in 2009 continued their success in early 2010, both in Europe (the Peugeot 3008 and 5008 and the new Citroën C3 and C3 Picasso) and in China (the Citroën C-Quatre and C5).

- **The Peugeot 3008**, the brand's first crossover vehicle, and **the Peugeot 5008**, its first compact MPV, have proven highly successful, with sales exceeding targets for the period. Output has risen to 900 vehicles a day, from 600 at start-up, following the mid-October 2009 introduction of a third shift at the Sochaux plant, which will remain in place through the rest of the year. In all 124,800 Peugeot 3008s and 54,100 Peugeot 5008s have been sold since launch, including 65,200 and 40,100 units respectively in first-half 2010.

- Launched in late 2009, **the Citroën C3 Visiodrive** has also been a market success, with sales rising month by month to more than 113,000 in the first half.

- The **Citroën C3 Picasso** is the leader in the sub-compact MPV segment. In August, output is scheduled to increase to 356 units a day from the current 310 units.

The commercial momentum also led to the launch of new models during the first half, including the Peugeot RCZ and Citroën DS3 in Europe.

- Launched last 22 April, the new **Peugeot RCZ** coupe has already sold 5,500 units, or 50% more than its annual objective. It was elected "most stunning car of the year 2009."

- **The Citroën DS3**, the first model in the DS distinctive line, has already recorded more than 34,000 orders in just four months on the market. Current output is 350 units a day at the Poissy plant, scheduled to increase to 420 a day in September.

The second half will be shaped by two major events: i) the launch of the new Citroën C4 in the compact sedan segment and ii) the unveiling of the Peugeot 508 – the replacement for the Peugeot 407 and 607 – at the 2010 Paris Motor Show. PSA Peugeot Citroën will also be the first European carmaker to introduce electric vehicles in Europe, with the Peugeot i0n and the Citroën C-ZERO.

Sales outside Europe accounted for 36% of the total

Sales outside Europe accounted for 36% of the consolidated first-half total, compared with 34% in 2009. The improvement confirms PSA Peugeot Citroën's marketing momentum, particularly in emerging markets. The objective is to generate 50% of sales outside Europe by 2015.

Latin America: a return to growth

The Latin American markets increased sharply, led by Brazil (up 7.2%) and Argentina (up 21.1%). The Group reported 6.6% growth in registrations for the period, with a market share of 5.3%. The Group's commercial dynamic in the region is exemplified by the Peugeot Hoggar pick-up, which was launched in May, and the Citroën C3 Aircross and Peugeot 408, which are scheduled for launch in the second half.

China: successful new models and increased market share

PSA Peugeot Citroën's sales in China rose to a new record high in the first-half, gaining 50.0% to more than 176,000 vehicles in a passenger car market up 25% and helping to lift market share to 3.3% from 3.2% in first-half 2009. The Group's vehicles have been well received. With more than 18,000 units sold since its launch in January, the Citroën C5 is making a significant contribution to the Group's performance. The Peugeot 408, which has sold more than 17,100 units since it was introduced in April, is the first Peugeot to make its world debut in China.

Russia: a return to growth expected in the short term

Buoyed by scrappage incentives for domestically produced vehicles since March, the Russian market rose by 3.0% during the first-half, while the Group's sales declined by 7.5%. Market share stood at 2.5% for the period. The assembly of Peugeot 308 and Citroën C4 models at the Kaluga plant, which was inaugurated in April, will effectively position the Group in the second half to capitalize on the expected return to growth.

PSA Peugeot Citroën strengthens its environmental leadership

One of the Group's key strategic ambitions is to maintain its leadership in low-carbon vehicles. During the first half of 2010, average emissions by Peugeot and Citroën vehicles continued to decline, to 133.2g of CO_2/km from 135.5g in 2009.

Vehicles emitting less than 120g/km accounted for 36.4% of total sales in Europe for the period, representing 435,300 units.

Citroën was one of the first carmakers to launch an all-electric vehicle, the Berlingo First Electric “Powered by Venturi”. The French Post Office has ordered 250 of them, to be delivered before the end of the year.

Strategic development in China

The operating performance in China improved significantly in H1 2010. The accelerated performance plan at DongFeng Peugeot Citroën Automobile delivered a major increase in both sales and earnings. Vehicles sold rose 50% to 176,000 units, while net income, Group share amounted to €97 million.

The Group has recently signed a joint venture with Chang’an Automobile. This second joint venture in China, for which final approval is expected by the relevant authorities early 2011, will allow the Group to develop light commercial vehicles and Citroën to launch the DS range.

OPERATING STATISTICS

PSA Peugeot Citroën Group – Worldwide Sales

		Jan to June 2010	Jan to June 2009
Europe*	Peugeot	634,000	548,000
	Citroën	560,000	504,000
	PSA Peugeot Citroën	**1,194,000**	**1,052,000**
Russia	Peugeot	15,000	16,000
	Citroën	7,000	7,000
	PSA Peugeot Citroën	**22,000**	**23,000**
Latin America	Peugeot	75,000	68,000
	Citroën	52,000	44,000
	PSA Peugeot Citroën	**127,000**	**112,000**
China	Peugeot	69,000	52,000
	Citroën	107,000	66,000
	PSA Peugeot Citroën	**176,000**	**118,000**
Rest of the world	Peugeot	67,000	58,000
	Citroën	32,000	22,000
	PSA Peugeot Citroën	**99,000**	**80,000**
Total Assembled Vehicles	Peugeot	860,000	743,000
	Citroën	758,000	643,000
	PSA Peugeot Citroën	**1,618,000**	**1,386,000**
CKD Units	Peugeot	233,000	194,000
	Citroën	5,000	8,000
	PSA Peugeot Citroën	**238,000**	**201,000**
TOTAL ASSEMBLED VEHICLES AND CKD UNITS	Peugeot	1,093,000	937,000
	Citroën	763,000	650,000
	PSA Peugeot Citroën	**1,856,000**	**1,587,000**

* 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 2010	Jan to June 2009	Variation
Peugeot brand			
107	59,300	65,100	- 8.9 %
1007	100	2,900	- 95.3 %
206	240,800	179,400	34.3 %
207	194,600	208,800	- 6.8 %
307	43,900	44,000	- 0.16 %
308	119,600	131,300	- 8.9 %
408	17,100		
508	200		
3008	65,200	15,900	
5008	40,100	200	
405	144,100	150,700	- 4.4 %
407	18,000	22,800	- 21.2 %
607	600	1,000	- 36.0 %
807	2,900	4,300	- 33.2 %
4007	4,700	5,800	- 19.0 %
RCZ	5,500		
Bipper	22,300	14,800	50.6 %
Partner	76,500	63,500	20.5 %
Expert	14,700	12,100	21.7 %
Boxer	22,800	14,400	58.4 %
TOTAL	**1,093,000**	**936,800**	**16.7 %**
Citroën brand			
C1	58,500	64,200	- 8.8 %
C2	5,000	22,900	- 78.1 %
DS3	27,300		
C3 (New C3: 113,000 units)	171,500	107,600	59.4 %
C3 Picasso	44,100	36,400	21.2 %
C3 Pluriel	1,700	2,400	- 29.2 %
ZX	34,600	39,700	- 12.8 %
Xsara Picasso	21,000	27,500	-23.4 %
C4	110,900	90,100	23.1 %
C4 Picasso	69,800	72,700	- 4.0 %
Xantia	4,000	6,000	- 32.3 %
C5	62,800	43,500	44.5 %
C6	1,000	900	7.8 %
C8	2,900	3,100	- 4.6 %
C-Crosser	4,300	5,700	- 24.3 %
Nemo	23,700	20,200	16.9 %
Berlingo	86,800	80,700	7.6 %
Jumpy	13,700	11,000	23.9 %
Jumper	18,900	15,500	21.9 %
TOTAL	**762,700**	**650,100**	**17.3 %**
TOTAL PSA Peugeot Citroën	**1,856,000**	**1,587,000**	**16.9 %**

Passenger Car Registrations in Europe by Country

	Jan to June 2010	Jan to June 2009
	Volume	**Volume**
France	1,212,400	1,150,000
Germany	1,468,800	2,059,400
Austria	169,700	166,000
Belgium and Luxembourg	349,900	299,700
Denmark	70,500	54,600
Spain	604,200	433,100
Finland	60,400	51,900
Greece	98,500	112,800
Ireland	67,900	46,700
Iceland	1,200	1,300
Italy	1,162,700	1,130,600
Norway	62,000	41,700
Netherlands	270,800	221,200
Portugal	115,300	73,100
United Kingdom	1,108,700	925,000
Sweden	138,100	102,800
Switzerland	146,400	133,900
TOTAL WESTERN EUROPE (18 COUNTRIES)	**7,107,300**	**7,003,700**
Croatia	19,400	25,400
Hungary	21,500	39,800
Poland	158,300	168,900
Czech Republic	88,400	85,500
Slovakia	29,500	46,400
Slovenia	33,200	30,800
TOTAL CEEC	**350,400**	**396,800**
Baltic Countries	10,800	13,100
Bulgaria+Romania	60,000	83,400
Malta+Cyprus	10,100	12,400
TOTAL EUROPE 30 COUNTRIES	**7,538,500**	**7,509,500**

Light Commercial Vehicle Registrations in Europe by Country

	Jan to June 2010	Jan to June 2009
	Volume	**Volume**
France	213,300	192,400
Germany	94,900	84,400
Austria	13,700	13,100
Belgium and Luxembourg	34,100	33,600
Denmark	7,400	8,100
Spain	65,900	53,200
Finland	5,600	5,700
Greece	6,900	7,500
Ireland	7,400	6,100
Iceland	100	100
Italy	107,300	93,100
Norway	15,000	11,600
Netherlands	27,700	31,900
Portugal	22,000	17,700
United Kingdom	111,800	97,000
Sweden	18,100	13,600
Switzerland	13,300	12,200
TOTAL WESTERN EUROPE (18 COUNTRIES)	**764,200**	**681,300**
Croatia	1,300	2,700
Hungary	3,900	6,400
Poland	19,100	22,600
Czech Republic	6,400	6,500
Slovakia	2,200	1,800
Slovenia	2,300	2,100
TOTAL CEEC	**35,100**	**42,100**
Baltic Countries	1,100	1,500
Bulgaria+Romania	6,400	9,500
Malta+Cyprus	2,000	1,900
TOTAL EUROPE 30 COUNTRIES	**808,900**	**736,300**

Passenger Car and Light Commercial Vehicle Registrations in Europe by Country

	Jan to June 2010	Jan to June 2009
	Volume	Volume
France	1,425,700	1,342,300
Germany	1,563,600	2,143,800
Austria	183,300	179,100
Belgium and Luxembourg	384,000	333,200
Denmark	78,000	62,700
Spain	670,000	486,300
Finland	66,100	57,700
Greece	105,400	120,300
Ireland	75,200	52,800
Iceland	1,300	1,400
Italy	1,269,900	1,223,600
Norway	77,000	53,300
Netherlands	298,400	253,200
Portugal	137,200	90,800
United Kingdom	1,220,400	1,021,900
Sweden	156,200	116,400
Switzerland	159,700	146,100
TOTAL WESTERN EUROPE (18 COUNTRIES)	**7,871,600**	**7,685,000**
Croatia	20,800	28,100
Hungary	25,400	46,100
Poland	177,400	191,500
Czech Republic	94,800	92,000
Slovakia	31,700	48,200
Slovenia	35,500	32,900
TOTAL CEEC	**385,500**	**438,900**
Baltic Countries	11,800	14,700
Bulgaria+Romania	66,400	92,900
Malta+Cyprus	12,100	14,300
TOTAL EUROPE 30 COUNTRIES	**8,347,400**	**8,245,800**

Passenger Car and Light Commercial Vehicle Registrations in Europe by Manufacturer

Group	Jan to June 2010		Jan to June 2009	
	Volume	Market share (%)	Volume	Market share (%)
VAG	1,673,300	20.0%	1,681,500	20.4%
PSA Peugeot Citroën	**1,213,400**	**14.5%**	**1,127,100**	**13.7%**
Of which Citroën	562,500	6.7%	533,400	6.5%
Of which Peugeot	650,900	7.8%	593,700	7.2%
Renault Group	918,200	11.0%	763,800	9.3%
Ford Group	851,000	10.2%	861,200	10.4%
Fiat Group	739,000	8.9%	788,900	9.6%
G.M.	674,800	8.1%	706,100	8.6%
Daimler AG	413,000	4.9%	415,500	5.0%
BMW Group	384,000	4.6%	357,000	4.3%
Toyota Group	364,100	4.4%	420,300	5.1%
Hyundai Group	336,200	4.0%	314,700	3.8%
Nissan	237,000	2.8%	189,800	2.3%
Suzuki Group	106,400	1.3%	135,000	1.6%
Honda	105,900	1.3%	135,300	1.6%
Mazda	105,100	1.3%	114,000	1.4%
Tata	61,800	0.7%	50,200	0.6%
Mitsubishi	60,800	0.7%	65,500	0.8%
Chrysler LLC	23,500	0.3%	29,200	0.4%
Subaru	22,900	0.3%	23,600	0.3%
Isuzu	6,600	0.1%	5,200	0.1%
Others	50,200	0.6%	61,900	0.8%

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

	Jan to June 2010		Jan to June 2009	
	Volume	Market share (%)	Volume	Market share (%)
France	397,800	32.8%	377,000	32.8%
Germany	80,700	5.5%	127,900	6.2%
Austria	15,700	9.2%	14,700	8.8%
Belgium and Luxembourg	65,400	18.7%	55,800	18.6%
Denmark	11,800	16.7%	10,400	19.0%
Spain	104,400	17.3%	75,100	17.3%
Finland	4,100	6.7%	3,200	6.2%
Greece	7,900	8.0%	7,200	6.4%
Ireland	3,300	4.8%	2,400	5.1%
Iceland*	0	0.5%	0	0.2%
Italy	127,500	11.0%	109,500	9.7%
Norway	5,300	8.5%	3,000	7.2%
Netherlands	36,400	13.4%	28,700	13.0%
Portugal	15,900	13.8%	9,600	13.2%
United Kingdom	97,700	8.8%	80,400	8.7%
Sweden	8,400	6.1%	6,300	6.1%
Switzerland	14,700	10.0%	11,800	8.8%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**996,800**	**14.0%**	**922,900**	**13.2%**
Croatia	2,400	12.6%	3,400	13.4%
Hungary	1,200	5.6%	2,200	5.6%
Poland	12,800	8.1%	11,400	6.8%
Czech Republic	7,100	8.0%	7,000	8.2%
Slovakia	3,400	11.4%	7,400	15.9%
Slovenia	4,800	14.4%	4,100	13.2%
TOTAL CEEC	**31,700**	**9.0%**	**35,500**	**9.0%**
Baltic Countries	1,100	10.0%	1,000	7.5%
Bulgaria+Romania	2,800	4.7%	4,800	5.7%
Malta+Cyprus	700	6.7%	800	6.6%
TOTAL EUROPE 30 COUNTRIES	**1,033,000**	**13.7%**	**965,000**	**12.9%**

** Sales in Iceland represent less than 100 units.*

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

	Jan to June 2010		Jan to June 2009	
	Volume	Market share (%)	Volume	Market share (%)
France	73,700	34.5%	68,800	35.8%
Germany	10,600	11.2%	9,600	11.4%
Austria	1,800	12.8%	1,800	13.9%
Belgium and Luxembourg	9,900	29.0%	9,900	29.6%
Denmark	1,100	14.2%	1,200	15.2%
Spain	23,600	35.8%	17,100	32.1%
Finland	500	9.4%	300	5.8%
Greece	400	5.5%	300	4.3%
Ireland	800	11.0%	600	10.7%
Iceland*	0	5.3%	0	2.1%
Italy	15,000	14.0%	13,100	14.0%
Norway	2,600	17.2%	2,000	17.6%
Netherlands	3,400	12.1%	4,000	12.6%
Portugal	5,600	25.7%	4,900	27.5%
United Kingdom	17,800	15.9%	13,700	14.2%
Sweden	3,000	16.8%	2,300	17.0%
Switzerland	2,200	16.4%	2,200	18.0%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**171,800**	**22.5%**	**152,000**	**22.3%**
Croatia	300	24.6%	600	23.5%
Hungary	500	13.9%	900	14.3%
Poland	3,700	19.2%	3,800	17.0%
Czech Republic	1,100	16.7%	1,200	18.0%
Slovakia	600	28.7%	600	32.7%
Slovenia	700	32.7%	700	34.1%
TOTAL CEEC	**7,000**	**19.8%**	**7,900**	**18.7%**
Baltic Countries	400	34.0%	300	20.6%
Bulgaria+Romania	1,000	15.4%	1,700	17.9%
Malta+Cyprus	200	11.1%	200	10.6%
TOTAL EUROPE 30 COUNTRIES	**180,400**	**22.3%**	**162,100**	**22.0%**

** 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 2010		Jan to June 2009	
	Volume	Market share (%)	Volume	Market share (%)
France	471,500	33.1%	445,800	33.2%
Germany	91,300	5.8%	137,600	6.4%
Austria	17,400	9.5%	16,500	9.2%
Belgium and Luxembourg	75,300	19.6%	65,700	19.7%
Denmark	12,800	16.4%	11,600	18.5%
Spain	127,900	19.1%	92,100	19.0%
Finland	4,600	7.0%	3,600	6.2%
Greece	8 300	7.8%	7,500	6.2%
Ireland	4,100	5.4%	3,000	5.7%
Iceland*	0	0.9%	0	0.4%
Italy	142,500	11.2%	122,600	10.0%
Norway	7,800	10.2%	5,100	9.5%
Netherlands	39,700	13.3%	32,700	12.9%
Portugal	21,600	15.7%	14,500	16.0%
United Kingdom	115,500	9.5%	94,100	9.2%
Sweden	11,400	7.3%	8,600	7.4%
Switzerland	16,900	10.6%	14,000	9.6%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,168,600**	**14.9%**	**1,074,900**	**14.0%**
Croatia	2,800	13.4%	4,100	14.4%
Hungary	1,700	6.8%	3,100	6.8%
Poland	16,400	9.3%	15,300	8.0%
Czech Republic	8,200	8.6%	8,200	8.9%
Slovakia	4,000	12.6%	7,900	16.5%
Slovenia	5,500	15.5%	4,800	14.5%
TOTAL CEEC	**38,600**	**10.0%**	**43,400**	**9.9%**
Baltic Countries	1,400	12.1%	1,300	8.9%
Bulgaria+Romania	3,800	5.7%	6,500	7.0%
Malta+Cyprus	900	7.5%	1,000	7.2%
TOTAL EUROPE 30 COUNTRIES	**1,213,400**	**14.5%**	**1,127,100**	**13.7%**

** Sales in Iceland represent less than 100 units.*

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

	Jan to June 2010		Jan to June 2009	
	Volume	Market share (%)	Volume	Market share (%)
France	254,500	17.9%	230,900	17.2%
Germany	50,500	3.2%	78,500	3.7%
Austria	9,200	5.0%	9,200	5.2%
Belgium and Luxembourg	38,900	10.1%	32,000	9.6%
Denmark	6,600	8.5%	6,700	10.6%
Spain	63,100	9.4%	42,600	8.8%
Finland	2,400	3.7%	2,100	3.7%
Greece	3,600	3.4%	4,100	3.4%
Ireland	3,000	4.0%	2,000	3.8%
Iceland*	0	0.9%	0	0.4%
Italy	70,700	5.6%	60,000	4.9%
Norway	5,000	6.5%	3,200	6.0%
Netherlands	23,800	8.0%	19,300	7.6%
Portugal	11,800	8.6%	7,000	7.7%
United Kingdom	68,600	5.6%	55,600	5.4%
Sweden	6,400	4.1%	5,100	4.4%
Switzerland	8,600	5.4%	6,900	4.7%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**626,700**	**8.0%**	**565,200**	**7.4%**
Croatia	1,600	7.7%	2,300	8.2%
Hungary	1,000	3.9%	1,800	4.0%
Poland	8,700	4.9%	8,400	4.4%
Czech Republic	4,400	4.6%	4,200	4.6%
Slovakia	2,100	6.5%	4,300	9.0%
Slovenia	2,600	7.3%	2,100	6.5%
TOTAL CEEC	**20,300**	**5.3%**	**23,200**	**5.3%**
Baltic Countries	900	8.0%	500	3.6%
Bulgaria+Romania	2,200	3.3%	4,000	4.3%
Malta+Cyprus	700	5.7%	700	5.2%
TOTAL EUROPE 30 COUNTRIES	**650,900**	**7.8%**	**593,700**	**7.2%**

** Sales in Iceland represent less than 100 units.*

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

	Jan to June 2010		Jan to June 2009	
	Volume	Market share (%)	Volume	Market share (%)
France	217,000	15.2%	214,900	16.0%
Germany	40,800	2.6%	59,000	2.8%
Austria	8,200	4.5%	7,300	4.1%
Belgium and Luxembourg	36,400	9.5%	33,700	10.1%
Denmark	6,200	8.0%	4,900	7.8%
Spain	64,900	9.7%	49,500	10.2%
Finland	2,200	3.3%	1,400	2.5%
Greece	4,600	4.4%	3,400	2.8%
Ireland	1,000	1.4%	1,000	1.9%
Iceland*	0	0.0%	0	0.1%
Italy	71,800	5.7%	62,600	5.1%
Norway	2,800	3.7%	1,900	3.5%
Netherlands	15,900	5.3%	13,400	5.3%
Portugal	9,700	7.1%	7,500	8.2%
United Kingdom	46,900	3.8%	38,500	3.8%
Sweden	5,100	3.2%	3,500	3.0%
Switzerland	8,300	5.2%	7,100	4.9%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**541,900**	**6.9%**	**509,700**	**6.6%**
Croatia	1,200	5.7%	1,800	6.2%
Hungary	700	2.9%	1,300	2.8%
Poland	7,700	4.4%	6,900	3.6%
Czech Republic	3,800	4.0%	4,000	4.4%
Slovakia	1,900	6.1%	3,600	7.5%
Slovenia	2,900	8.2%	2,600	8.0%
TOTAL CEEC	**18,300**	**4.8%**	**20,200**	**4.6%**
Baltic Countries	500	4.1%	800	5.3%
Bulgaria+Romania	1,600	2.4%	2,500	2.7%
Malta+Cyprus	200	1.7%	300	2.0%
TOTAL EUROPE 30 COUNTRIES	**562,500**	**6.7%**	**533,400**	**6.5%**

** Sales in Iceland represent less than 100 units.*

PSA Peugeot Citroën Group – Worldwide Production by Model

Passenger car and light commercial vehicles	**Jan to June 2010**	**Jan to June 2009**
Peugeot brand		
107	63,800	63,600
1007	0	2,600
206	231,200	166,700
207	192,600	186,100
307	44,200	32,200
308	122,900	119,200
3008	68,800	21,400
5008	37,600	200
405	144,600	165,600
407	17,000	18,500
607	700	500
807	3,200	3,900
4007	5,400	2,400
Bipper	21,400	11,900
Partner	81,100	53,800
Expert	15,800	9,100
Boxer	24 500	10,100
RCZ	7,600	
TOTAL	**1,102,100**	**867,700**
Citroën brand		
C1	63,900	63,600
C2	3,900	22,100
DS3	29,600	100
C3	226,500	151,400
ZX	36,700	41,600
Xsara	17,700	24,400
C4	189,900	139,700
Xantia	4,000	6,000
C5	63,600	36,000
C6	700	300
C8	3,400	3,000
C-Crosser	5,000	3,000
Nemo	23,500	19,700
Berlingo	90,300	71,300
Jumpy	14,200	8,900
Jumper	19,700	11,100
TOTAL	**792,800**	**602,000**
PSA Peugeot Citroën	**1,894,900**	**1,469,700**

2.2 OPERATING AND FINANCIAL REVIEW

GROUP OPERATING RESULTS FOR FIRST-HALF 2010

- **Group Revenues**

Impact of changes in consolidation scope.

The Automotive Equipment Division (Faurecia) made two acquisitions in first-half 2010:

- Emcon, which was acquired in February 2010 but consolidated from 1 January, contributed €1,153 million to the Division's revenues for the period and €1,123 million to Group revenues.
- Plastal, which was acquired in March 2010 and consolidated from 1 April, contributed €121 million to the Division's revenues for the period and the same amount to Group revenues.

The following table shows consolidated revenue by business in first-half 2010 and 2009.

(in million euros)	**First-half 2010**	**First-half 2009**	**Variation**
Automotive division	21,174	18,658	13.5%
Faurecia	6,826	4,380	55.8%
Gefco	1,716	1,395	23.0%
Banque PSA Finance	919	915	0.4%
Intersegment eliminations and other businesses	(2,241)	(1,851)	-
TOTAL	**28,394**	**23,497**	**20.8%**

The PSA Peugeot Citroën Group's revenues grew by a strong 20.8% in first-half 2010 (15.5% excluding Emcon and Plastal) to €28,394 million from €23,497 million in the year earlier period, reflecting increases of 27.5% in the first quarter (to €13,986 million) and 15.0% (9.2% excluding Emcon and Plastal) in the second (to €14,408 million from €12,523 million in second-quarter 2009).

- **Group Recurring Operating Income**

(in million euros)	**First-half 2010**	**First-half 2009**
Automotive division	525	(904)
Faurecia	217	(187)
Gefco	122	7
Banque PSA Finance	269	244
Intersegment eliminations and other businesses	4	14
TOTAL	**1,137**	**(826)**

The Group reported recurring operating income of €1,137 million in first-half 2010, compared with an €826 million loss in the same period of 2009, representing 4.0% of revenue versus a negative 3.5%. All businesses contributed to the resounding recovery.

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

AUTOMOTIVE DIVISION

(in million euros)	**First-half 2010**	**First-half 2009**
Revenues	21,174	18,658
Recurring operating income (loss)	525	(904)
Recurring operating margin	2.5%	- 4.8%

Automotive Division revenues rose 13.5% to €21,174 million in the first six months of 2010.

Revenues from new vehicle sales totalled €15,820 million compared with €13,797 million for the year-earlier period. The period-on-period increase of 14.7% reflected the combined positive impact of higher unit sales (13.7%), an upward shift in the model mix (4.4%), a favourable currency effect (2.3%) and a stable country mix (0.2%), partly offset by the negative impact of other effects[4] (4.2%) and the price effect (1.8%). This performance illustrates the strong momentum enjoyed by the Group, which reported record unit sales in the first half (with 1,856,000 vehicles sold worldwide) and lifted its European market share to 14.5% from 13.7% in the same period of 2009.

[4] Corresponding to CKD sales and buybacks

The division delivered a strong rebound in recurring operating income, which stood at €525 million in the first half compared with a loss of €904 million in the year-earlier period. Recurring operating margin recovered to 2.5% of revenues from a negative 4.8%. The turnaround was primarily attributable to the performance plan, which boosted recurring operating income by €854 million, while the improved operating environment had a €575 million impact.

The performance plan contribution broke down as follows:

- Improved sales performance added €258 million, reflecting €204 million from market share gains and a net product mix and price gain of €54 million (€346 million from product mix improvements less a negative price effect of €292 million). Worldwide sales by the Group rose 18.6% over the period and in Europe, the Group's main market, the combined market share of the Peugeot and Citroën brands increased to 14.5% from 13.7% in first-half 2009. The ongoing drive to cut costs led to an €18 million overall reduction in selling, general and administrative expenses and warranty costs, while production and purchasing cost savings boosted the division's recurring operating income by €534 million and R&D spend was stable compared with first-half 2009.

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

- Stronger markets throughout the world had a €446 million positive impact. This includes the effect of increases in Group inventory levels which were scaled back significantly in first-half 2009. Changes in country and model mix had a €62 million negative impact, but changes in exchange rates added €101 million, reflecting the fall in the euro against all other currencies, particularly the Brazilian real and – to a lesser extent – the British pound. Other costs, including payroll and raw materials, had a €90 million favourable impact.

FAURECIA

(in million euros)	**First-half 2010**	**First-half 2009**
Revenues	6,826	4,380
Recurring operating income (loss)	217	(187)
Recurring operating margin	3.2%	- 4.3%

Faurecia's reported first-half 2010 revenues of €6,826 million, including €1,123 million from Emcon Technologies, which was consolidated from 1 January 2010, and €121 million from Plastal Germany, consolidated from 1 April.

Like-for-like revenues (at constant exchange rates, including Emcon in first-half 2009 and excluding Plastal Germany from first-half 2010) were up 26.9% over the year-earlier period.

Excluding monoliths from revenues of the Emissions Control Technologies segment, total revenues came to €5,771 million, an increase of 26.3% like-for-like.

All regions contributed to the period's strong growth, with like-for-like revenues up 20.5% to €3,618 million in Europe, 88.5% to €952 million in North America, 29.6% to €253 million in South America and 69.8% to €442 million in Asia.

Faurecia reported recurring operating income of €217 million in first-half 2010, corresponding to 3.2% of revenue. This represented a significant improvement not only over the first-half 2009 loss of €187 million (4.3% negative margin) but also compared with second-half 2009 income of €95.6 million (1.9% margin). Higher volumes and stronger variable sales margins added around €254 million and €131 million respectively, while Emcon (consolidated from 1 January 2010) contributed €10.8 million and Plastal Germany (consolidated from 1 April 2010) contributed €8 million.

Excluding monoliths, Emission Control Technologies revenues totalled €1,202.2 million and were up 43.3% like-for-like. The robust growth was attributable to division's stronger presence in North America and Asia compared with the other Faurecia units. Emcon Technologies contributed revenues of €588.5 million.

Automotive Seating revenues came in at €2,202.7 million, up 28.8% like-for-like.

At €1,365.2 million, Vehicle Interiors revenues were 35.0% higher like-for-like.

Automotive Exteriors revenues amounted to €584.4 million, an increase of 26.7% like-for-like. Plastal Germany, which was consolidated from 1 April 2010, contributed €121.1 million to the total.

Vehicle Interiors recurring operating income for first-half 2010 came to €133.1 million, representing 3.4% of revenues. The combined contribution of the other Automotive Equipment businesses was €83.4 million or 2.8% of revenues.

GEFCO

(in million euros)	**First-half 2010**	**First-half 2009**
Revenues	1,716	1,395
Recurring operating income	122	7
Recurring operating margin	7.1%	0.5%

Gefco's revenues for first-half 2010 totalled €1,716 million, a 23.0% increase over the year-earlier period. Growth was consistent with the recovery in worldwide automotive markets and production levels, and also reflected the success of Gefco's marketing drive targeting industrial customers.

The cost savings delivered by the efficiency plan launched in 2009 combined with more dynamic markets helped to drive a sharp rise in recurring operating income to €122 million from €7 million in first-half 2009, lifting margin to 7.1% of revenues from just 0.5%.

BANQUE PSA FINANCE

(in millions of euros)	**First-half 2010**	**First-half 2009**
Revenues	919	915
Net banking revenue	505	470
Recurring operating income	269	244

Banque PSA Finance revenues edged up 0.5% to €919 million. After experiencing a temporary drop in its share of the new vehicle financing market in 2009, the Bank enjoyed a return to 2008 business volumes. The recovery reflected a favourable shift in country mix towards Germany and Spain, the withdrawal of government incentives such as Spain's Vehiculo Innovodar Vehiculo Electrico (VIVE) plan, and the continued application of stringent risk acceptance criteria.

Banque PSA Finance's recurring operating income for the period came to €269 million versus €244 million for first-half 2009.

The increase was mainly attributable to the following developments:

- Net banking revenue climbed 7.4% to €505 million, led by an €8.8 million positive currency effect, the €17 million effect of higher volumes and improved interest margins, and a €9.7 million contribution from non-recurring items. Excluding these two impacts, net banking revenue was 3.4% higher, reflecting firm margins on new lending.
- Cost of risk declined by €5 million to €54 million, representing 0.47% of average net loans outstanding versus 0.53% in first-half 2009. This improvement was achieved despite the difficult macro-economic environment by stepping up collection efforts and applying an increasingly selective approach to new business.

OTHER INCOME STATEMENT ITEMS

- **Operating Income**

Non-recurring operating expenses amounted to €133 million in first-half 2010 compared with €515 million for the year-earlier period.

The total included restructuring costs of €91 million and €35 million in provisions set aside for potential take-or-pay contract liabilities.

Non-recurring operating income came to €64 million, including a €60 million gain recorded by Faurecia on the revaluation of the fair value of Plastal assets.

For more detailed information, see Note 6 to the Consolidated Financial Statements at 30 June 2010.

The Group ended first-half 2010 with consolidated operating income of €1,068 million, as opposed to a €1,332 million loss in the same period of 2009.

(in million euros)	**First-half 2010**	**First-half 2009**
Automotive division	459	(1,326)
Faurecia	215	(256)
Gefco	123	(8)
Banque PSA Finance	269	244
Other businesses and holding company	2	14
TOTAL PSA Peugeot Citroën	**1,068**	**(1,332)**

- **Net Financial Income (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 €241 million in first-half 2010 versus net expense of €226 million for the year-earlier period. The increase reflected interest paid or payable on the French government loan, partly offset by a decrease in Faurecia’s finance costs.

- **Income Taxes**

Income tax went from a benefit of €470 million in first-half 2009 to an expense of €227 million in first-half 2010 as a result of the Group’s return to profit.

For more detailed information, see Note 7 to the Consolidated Financial Statements at 30 June 2010.

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

In first-half 2010, the combined contribution of companies at equity was a net profit of €137 million versus a net profit of €24 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.

Dongfeng Peugeot Citroën Automobile:
Dongfeng Peugeot Citroën Automobile (DPCA) reported a net profit for the period of €194 million. Its contribution to consolidated profit was therefore a positive €97 million, as opposed to a negative €9 million in first-half 2009.

Toyota Peugeot Citroën Automobiles:
Toyota Peugeot Citroën Automobiles (TPCA) contributed €29 million to consolidated profit in first-half 2010 compared with €17 million in the year-earlier period.

Sevel:
With the recovery in the light commercial vehicle market after a very difficult 2009, the joint ventures with Fiat (Sevelnord, Sevel S.p.A.) made a positive contribution of €3 million to consolidated profit in first-half 2010 versus a negative contribution of €5 million in the year-earlier period.

For more information about the Group's share in the net earnings of companies at equity, see Note 10.3 to the Consolidated Financial Statements at 30 June 2010.

- **Consolidated Profit for the Period**

The Group reported consolidated net profit of €737 million in first-half 2010 compared with a €1,064 million loss in the same period of 2009.

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

Consolidated profit attributable to equity holders of the parent came to €680 million in first-half 2010 versus a negative €962 million in the year-earlier period.

- **Earnings per share**

Basic earnings per share amounted to €3.00 compared with a loss per share of €4.24 in first-half 2009.

2. 3 CASH AND CAPITAL RESOURCES

BALANCE SHEET AND FINANCIAL RESOURCES

- **Manufacturing and Sales Companies**

The manufacturing and sales companies' total assets rose to €43,833 million at 30 June 2010 from €38,740 million at 31 December 2009. The main increases concerned:

- Trade receivables, which rose to €3,140 million at 30 June 2010 from €1,855 million at 31 December 2009 in line with revenue growth.
- Inventories, which amounted to €6,036 million at 30 June 2010 versus €5,360 million at 31 December 2009 and €5,765 million at 30 June 2009 (see Note 14 to the Consolidated Financial Statements at 30 June 2010).
- Cash and cash equivalents, which stood at €9,084 million at 30 June 2010 compared with €7,843 million at 31 December 2009, attesting to the manufacturing and sales companies' improved liquidity.

- **Finance Companies**

The finance companies had total assets of €27,101 million at 30 June 2010 compared with €25,962 million at 31 December 2009. Business growth at Banque PSA Finance lifted outstanding loans to €23,555 million from €22,653 million.

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

The net financial position of the manufacturing and sales companies at 30 June 2010 represented net debt of €1,732 million compared with €1,993 million at 31 December 2009 (see Note 20 to the Consolidated Financial Statements at 30 June 2010). The improvement mainly reflects:

- Free cash flow generated during the period of €341 million. The €1,771 million increase in working capital, the €638 million increase in trade payables and the €336 million from changes in miscellaneous operating assets and liabilities more than covered the €310 million increase inventories, the €893 million increase in trade receivables and the €1,201 million in net cash used in investing activities (including capitalised development costs).
- Dividends of €140 million received from Banque PSA Finance.

The net debt-to-equity (gearing) ratio at 30 June 2010 stood at 12.5%.

- **Equity**

Equity at 30 June 2010 was €13,845 million versus €12,447 million at 31 December 2009. The increase was attributable to the recognition in retained earnings of consolidated profit for the period (€737 million), exchange differences on translating foreign operations (€410 million) and changes in scope of consolidation (€303 million) corresponding mainly to Faurecia's acquisition of Emcon.

At 30 June 2010, the share capital comprised 234,049,170 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 plans. A total of 516,800 shares are currently unallocated. No shares were bought back during first-half 2010.

ORIGIN, AMOUNT AND DESCRIPTION OF CONSOLIDATED CASH FLOWS

- **Consolidated Cash Flows**

For detailed information, see the Consolidated Statements of Cash Flows in the Consolidated Financial Statements at 30 June 2010.

- **Manufacturing and Sales Companies**

The following table presents the manufacturing and sales companies' cash flows for first-half 2010 and first-half 2009:

	Manufacturing and Sales Companies	
(in million euros)	**First-half 2010**	**First-half 2009**
Consolidated profit (loss) for the period	**527**	**(1,240)**
Working capital	1,771	231
Changes in operating assets and liabilities	(229)	1,896
Net cash from operating activities	1,542	2,127
Net cash used in investing activities	(1201)	(1,660)
Net cash from financing activities	742	4,230
Net increase in cash and cash equivalents	1,224	4,746
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**9,041**	**6,763**

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

In first-half 2010, working capital provided by the manufacturing and sales companies totalled €1,771 million compared with €231 million in the same period of 2009. The sharp increase was in line with the growth in sales. Changes in the manufacturing and sales companies' operating assets and liabilities represented a net increase of €229 million for the period versus a net fall of €2,616 million in 2009. All the main operating assets and liabilities increased during the period. New vehicle inventories were higher due to seasonal factors, trade payables were up €638 million due to higher production output at the end of the first-half compared with end-2009 and trade receivables were up €893 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 €1,542 million in first-half 2010.

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

(in thousands of new vehicles)	**30/06/2010**	31/12/2009	30/06/2009
Group	**269**	234	232
Independent dealer network	**213**	206	201
TOTAL	**482**	440	433

Inventories at 30 June 2010 totalled 482,000 units representing 73 days' sales versus 440,000 units and 62 days' sales at 31 December 2009. The increase was due to the recovery in demand and to the seasonal build-up of inventories at end-June, in anticipation of the reduction in manufacturing output in August and the traditional peak in the UK market in September.

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

Net cash used in investing activities of manufacturing and sales companies amounted to €1,201 million in first-half 2010 compared with €1,660 million in the year-earlier period. The decrease mainly concerned capital expenditure, which was reduced by €252 million to €695 million. Capitalized development costs amounted to of €537 million. See Note 5 to the Consolidated Financial Statements at 30 June 2010.

A total of €1,113 million was spend on research and development during the period to support the ambitious programme of new model launches.

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

Net cash from financing activities of the manufacturing and sales companies totalled €742 million in first-half 2010. The change in their financial assets and liabilities had a €603 million positive impact, versus a positive €3,819 million in first-half 2009.

- **Net Cash and Cash Equivalents at Period-End of Manufacturing and Sales Companies**

Cash and cash equivalents of the manufacturing and sales companies increased by €1,224 million in first-half 2010, compared with a €4,746 million in the year-earlier period.

Their period-end net cash and cash equivalents in the statement of cash flows amounted to €9,041 million at 30 June 2010 versus €7,817 million at 31 December 2009.

- **Net Cash and Cash Equivalents at Period-End of the Finance Companies**

In first-half 2010, the finance companies generated net cash from operating activities of €145 million. This compares with net cash used in operating activities of €515 million in the same period of 2009.
At 30 June 2010, Banque PSA Finance had net cash and cash equivalents of €1,283 million versus €1,289 million at 31 December 2009.

FUNDING AND LIQUIDITY

- **Manufacturing and Sales Companies**

The Group's manufacturing and sales companies ended first-half 2010 with more cash than at 31 December 2009.

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

On 21 June 2010, Peugeot S.A. launched a €500 million five-year bond issue due June 2015. The main purpose of the issue was to finance the simultaneous partial buyback of 2001 bonds due September 2011.
Settlement and delivery of the new bonds took place on 29 June 2010.

On 6 July 2010, PSA Peugeot Citroën completed the partial buyback of 2001 bonds due September 2011, for an amount of €245 million.

On 15 July 2010, Peugeot Citroën Automobiles SA signed a €200 million loan agreement with the European Investment Bank (EIB) for the development of plug-in hybrids. The programme is part of the Group's ongoing investment in R&D.

For detailed information, see Note 17.2 to the Consolidated Financial Statements at 30 June 2010.

- **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 2010, 21% of the Bank's financing was provided by bank facilities, 53% by the capital markets, 16% by loan securitizations and 10% by public sources (such as SFEF, an institution set up by the French government to inject cash into the economy, and the European Central Bank). At 31 December 2009, the proportions were 26%, 45%, 19% and 10% respectively.

In first-half 2010, Banque PSA Finance rolled over bank facilities that were due to expire during the period.

These rollovers consolidated its bank facilities, which totalled €4,558 million (excluding undrawn amounts) at 30 June 2010 versus €5,256 million at 31 December 2009.

Borrowings under capital markets programmes further increased to €11,160 million from €9,481 million at 31 December 2009.

Borrowings under short-term programmes (Sofira commercial paper issues and Banque PSA Finance CD issues) increased to €4,053 million at 30 June 2010 from €3,434 million at 31 December 2009.

During first-half 2010, Banque PSA Finance carried out four EMTN issues, raising a total of €2,250 million with an average maturity of more than 3 years. The issues increased borrowings under the EMTN programme by more than a billion euros to €6,466 million while also extending the average life of the borrowings.

A new securitization programme was set up in Brazil (FIDC) in early 2010. Total securitization debt declined to €3,385 million at 30 June 2010 from €3,845 million at 31 December 2009 due to the amortisation of existing bonds.

In early July, Banque PSA Finance issued €500 million worth of 3-year EMTNs, lifting the total raised since the beginning of the year to €2.7 billion.

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 new facility refinances the existing €2.4 billion facility, which was due to mature in March 2011.

Together with the two successful debt capital market transactions of June 2010, this facility aims to anticipate the Group's 2011 refinancing, on favourable terms, achieving a lengthening of its average debt maturity and strengthening further its balance sheet.

In first-half 2010, Banque PSA Finance continued to seek the right balance between liquidity, which is a continued priority, and the additional costs generated by the spread between the cost of debt and the return on investing liquidity.

At 30 June 2010, 70% of refinancing had an initial maturity of twelve months or more (versus 72% at 31 December 2009), representing continued solid coverage of potential liquidity risk.

The maturities of refinancing comfortably exceed the maturities of the retail financing loan book.

At 30 June 2010, the Bank held excess liquidity of €523 million and, in addition to its borrowings, it had €8,850 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 two syndicates of leading banks and were not drawn down at 30 June 2010.
In all, Banque PSA Finance has the necessary resources to cover seven months of lending activity without raising additional funds.

During first-half 2010, the Bank's liquidity management system was overhauled to comply with the new liquidity ratio requirement.

For more detailed information, refer to the Banque PSA Finance Highlights for the six months ended 30 June 2010, available at www.banquepsafinance.com.

3. RELATED PARTY TRANSACTIONS

The nature of related party transactions and their financial implications over the last three years are detailed in Note 41 to the 2009 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 and which are therefore accounted for by the equity method. The majority are manufacturing and sales companies whose purpose is to produce either equipment and parts for car manufacturing or fully assembled vehicles. Related party transactions are carried out on arm's length terms.

In the first half of 2010, there were no material changes in the nature, scale or scope of related party transactions compared with the disclosures made at year-end 2009.

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. 2010 TRENDS AND EARNINGS OUTLOOK

The European market is expected to be down 7% in 2010. Double digit growth is expected in China, and high single digit growth in Latin America.

Despite more difficult market conditions for the remainder of the year in Europe, as well as the usual seasonality, the automotive division is expected to be close to break even in the second half.
In this context, the Group expects to deliver a recurring operating income for the full year of around €1.5 billion.

III - CONDENSED INTERIM **CONSOLIDATED FINANCIAL STATEMENTS** FOR THE SIX MONTHS ENDED 30 JUNE 2010

PSA Peugeot Citroën Group

Contents

INTERIM CONSOLIDATED **STATEMENTS OF INCOME**

	Six months ended 30 June 2010			
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Revenue	**27 620**	**919**	**(145)**	**28 394**
Cost of goods and services sold	(22 646)	(468)	145	(22 969)
Selling, general and administrative expenses	(3 113)	(182)	-	(3 295)
Research and development expenses (Note 5)	(993)	-	-	(993)
Recurring operating income (loss)	**868**	**269**	**-**	**1 137**
Non-recurring operating income (Note 6)	64	-	-	64
Non-recurring operating expenses (Note 6)	(133)	-	-	(133)
Operating income (loss)	**799**	**269**	**-**	**1 068**
Interest income	30	-	-	30
Finance costs	(257)	-	-	(257)
Other financial income	119	1	-	120
Other financial expenses	(132)	(2)	-	(134)
Income (loss) before tax of fully consolidated companies	**559**	**268**	**-**	**827**
Income taxes (Note 7)	(168)	(59)	-	(227)
Share in net earnings of companies at equity (Note 10)	136	1	-	137
Consolidated profit (loss) for the period	**527**	**210**	**-**	**737**
Attributable to equity holders of the parent	*472*	*208*	-	*680*
Attributable to minority interests	*55*	*2*	-	*57*

(in euros)	
Basic earnings per €1 par value share (Note 8)	3,00
Diluted earnings per €1 par value share (Note 8)	3,00

Six months ended 30 June 2009				Twelve months ended 31 December 2009			
Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
22 720	**915**	**(138)**	**23 497**	**46 885**	**1 823**	**(291)**	**48 417**
(19 886)	(505)	138	(20 253)	(40 156)	(992)	291	(40 857)
(2 968)	(166)	-	(3 134)	(5 966)	(333)	-	(6 299)
(936)	-	-	(936)	(1 950)	-	-	(1 950)
(1 070)	**244**	**-**	**(826)**	**(1 187)**	**498**	**-**	**(689)**
9	-	-	9	30	1	-	31
(515)	-	-	(515)	(755)	(3)	-	(758)
(1 576)	**244**	**-**	**(1 332)**	**(1 912)**	**496**	**-**	**(1 416)**
34	-	-	34	85	-	-	85
(204)	-	-	(204)	(491)	-	-	(491)
90	1	-	91	206	2	-	208
(145)	(2)	-	(147)	(319)	(3)	-	(322)
(1 801)	**243**	**-**	**(1 558)**	**(2 431)**	**495**	**-**	**(1 936)**
537	(67)	-	470	731	(142)	-	589
24	-	-	24	73	-	-	73
(1 240)	**176**	**-**	**(1 064)**	**(1 627)**	**353**	**-**	**(1 274)**
(1 137)	175	-	(962)	(1 511)	350	-	(1 161)
(103)	1	-	(102)	(116)	3	-	(113)
			(4,24)				(5,12)
			(4,24)				(5,12)

INTERIM CONSOLIDATED STATEMENTS OF
RECOGNISED INCOME AND EXPENSES

(in million euros)	Six months ended 30 June 2010 Before tax	 Income tax benefit (expense)[1]	 After tax
Consolidated profit (loss) for the period	**989**	**(252)**	**737**
Fair value adjustments to cash flow hedges	(8)	2	(6)
- of which, reclassified to the income statement	*(6)*	*2*	*(4)*
- of which, recognised in equity during the period	*(2)*	*-*	*(2)*
Gains and losses from remeasurement at fair value of available-for-sale financial assets	(46)	1	(45)
- of which, reclassified to the income statement	-	-	-
- of which, recognised in equity during the period	*(46)*	*1*	*(45)*
Exchange differences on translating foreign operations	410	-	410
Income and expenses recognised directly in equity, net	**356**	**3**	**359**
- of which, companies at equity	*78*	*-*	*78*
Total recognised income and expenses, net	**1 345**	**(249)**	**1 096**
- of which, attributable to equity holders of the parent			*1 005*
- of which, attributable to minority interests			*91*

[1] *Income tax related to companies at equity represented an expense of €25 million for the six months ended 30 June 2010.*

Income and expenses directly recognised in equity correspond to the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.

	Six months ended 30 June 2009			Twelve months ended 31 December 2009		
	Before tax	Income tax benefit (expense)[1]	After tax	Before tax	Income tax benefit (expense)[1]	After tax
	(1 532)	**468**	**(1 064)**	**(1 866)**	**592**	**(1 274)**
	(26)	9	(17)	(8)	4	(4)
	(9)	*3*	*(6)*	*(26)*	*10*	*(16)*
	(17)	*6*	*(11)*	*18*	*(6)*	*12*
	56	(1)	55	96	(2)	94
	-	-	-	-	-	-
	56	*(1)*	*55*	*96*	*(2)*	*94*
	138	-	138	135	-	135
	168	**8**	**176**	**223**	**2**	**225**
	-	-	-	*2*	-	*2*
	(1 364)	**476**	**(888)**	**(1 643)**	**594**	**(1 049)**
			(785)			*(922)*
			(103)			*(127)*

[1] Income tax related to companies at equity represented a benefit of €3 million for the twelve months ended 31December 2009 and an expense of €2 million for the six months ended 30 June 2009.

INTERIM CONSOLIDATED BALANCE SHEETS – **ASSETS**

(in millions of euros)	Manufacturing and sales companies	**30 June 2010** Finance companies	Eliminations	Total
Goodwill	1 421	77	-	1 498
Intangible assets	4 674	93	-	4 767
Property, plant and equipment	14 129	37	-	14 166
Investments in companies at equity (Note 10)	985	56	-	1 041
Investments in non-consolidated companies	53	3	-	56
Other non-current financial assets (Note 11)	857	97	(25)	929
Other non-current assets	298	1	-	299
Deferred tax assets	603	80	-	683
Total non-current assets	**23 020**	**444**	**(25)**	**23 439**
Operating assets				
Loans and receivables - finance companies (Note 13)	-	23 555	(220)	23 335
Short-term investments - finance companies	-	801	-	801
Inventories (Note 14)	6 036	-	-	6 036
Trade receivables - manufacturing and sales companies	3 140	-	(239)	2 901
Current taxes	119	59	(36)	142
Other receivables	2 020	959	(150)	2 829
	11 315	**25 374**	**(645)**	**36 044**
Current financial assets (Note 11)	**414**	**-**	**(73)**	**341**
Cash and cash equivalents	**9 084**	**1 283**	**(202)**	**10 165**
Total current assets	**20 813**	**26 657**	**(920)**	**46 550**
Total assets	**43 833**	**27 101**	**(945)**	**69 989**

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

(in millions of euros)	Manufacturing and sales companies	**30 June 2010** Finance companies	Eliminations	Total
Equity				
Share capital				234
Treasury stock (Note 15)				(303)
Retained earnings and other accumulated equity, excluding minority interests				13 504
Minority interests				410
Total equity				**13 845**
Non-current financial liabilities (Note 17)	9 840	-	-	9 840
Other non-current liabilities	3 089	-	-	3 089
Non-current provisions (Note 16)	998	26	-	1 024
Deferred tax liabilities	656	421	-	1 077
Total non-current liabilities	**14 583**	**447**	**-**	**15 030**
Operating liabilities				
Financing liabilities (Note 18)	-	21 856	(302)	21 554
Current provisions (Note 16)	2 447	36	-	2 483
Trade payables	9 648	-	(8)	9 640
Current taxes	159	74	(36)	197
Other payables	4 266	1 326	(388)	5 204
	16 520	**23 292**	**(734)**	**39 078**
Current financial liabilities (Note 17)	**2 247**	**-**	**(211)**	**2 036**
Total current liabilities	**18 767**	**23 292**	**(945)**	**41 114**
Total equity and liabilities				**69 989**

(in millions of euros)	Manufacturing and sales companies	31 December 2009 Finance companies	Eliminations	Total
Goodwill	1 237	75	-	1 312
Intangible assets	4 440	95	-	4 535
Property, plant and equipment	13 425	35	-	13 460
Investments in companies at equity (Note 10)	785	14	-	799
Investments in non-consolidated companies	46	9	-	55
Other non-current financial assets (Note 11)	836	46	(25)	857
Other non-current assets	268	1	-	269
Deferred tax assets	478	82	-	560
Total non-current assets	**21 515**	**357**	**(25)**	**21 847**
Operating assets				
Loans and receivables - finance companies (Note 13)	-	22 653	(93)	22 560
Short-term investments - finance companies	-	786	-	786
Inventories (Note 14)	5 360	-	-	5 360
Trade receivables - manufacturing and sales companies	1 855	-	(162)	1 693
Current taxes	153	27	(20)	160
Other receivables	1 665	850	(101)	2 414
	9 033	**24 316**	**(376)**	**32 973**
Current financial assets (Note 11)	**349**	**-**	**(65)**	**284**
Cash and cash equivalents	**7 843**	**1 289**	**(115)**	**9 017**
Total current assets	**17 225**	**25 605**	**(556)**	**42 274**
Total assets	**38 740**	**25 962**	**(581)**	**64 121**

(in millions of euros)	Manufacturing and sales companies	31 December 2009 Finance companies	Eliminations	Total
Equity				
Share capital				234
Treasury stock (Note 15)				(303)
Retained earnings and other accumulated equity, excluding minority interests				12 381
Minority interests				135
Total equity				**12 447**
Non-current financial liabilities (Note 17)	9 268	-	-	9 268
Other non-current liabilities	2 552	-	-	2 552
Non-current provisions (Note 16)	960	26	-	986
Deferred tax liabilities	543	453	-	996
Total non-current liabilities	**13 323**	**479**	**-**	**13 802**
Operating liabilities				
Financing liabilities (Note 18)	-	21 061	(206)	20 855
Current provisions (Note 16)	2 369	30	-	2 399
Trade payables	8 424	-	(10)	8 414
Current taxes	103	30	(20)	113
Other payables	3 494	1 189	(262)	4 421
	14 390	**22 310**	**(498)**	**36 202**
Current financial liabilities (Note 17)	**1 753**	**-**	**(83)**	**1 670**
Total current liabilities	**16 143**	**22 310**	**(581)**	**37 872**
Total equity and liabilities				**64 121**

INTERIM CONSOLIDATED **STATEMENTS OF CASH FLOWS**

	Six months ended 30 June 2010			
(in millions of euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) for the period	**527**	**210**	**-**	**737**
Adjustments for:				
- Depreciation, amortization and impairment	1 517	7	-	1 524
- Provisions [(1)]	(105)	5	-	(100)
- Changes in deferred tax	20	(30)	-	(10)
- (Gains) losses on disposals and other	25	-	-	25
Share in net earnings of companies at equity, net of dividends received	(121)	(1)	-	(122)
Revaluation adjustments taken to equity and hedges of debt	18	-	-	18
Change in carrying amount of leased vehicles	(110)	-	-	(110)
Working capital	**1 771**	**191**	**-**	**1 962**
Changes in operating assets and liabilities (Note 19)	(229)	(46)	40	(235)
Net cash from operating activities	**1 542**	**145**	**40**	**1 727**
Proceeds from disposals of shares in consolidated companies	-	-	-	-
Proceeds from disposals of investments in non-consolidated companies	30	-	-	30
Acquisitions of shares in consolidated companies [(2)]	(17)	(39)	-	(56)
Investments in non-consolidated companies	(11)	-	-	(11)
Proceeds from disposals of property, plant and equipment	25	5	-	30
Proceeds from disposals of intangible assets	-	-	-	-
Investments in property, plant and equipment	(695)	(8)	-	(703)
Investments in intangible assets	(589)	(4)	-	(593)
Change in amounts payable on fixed assets	48	-	-	48
Other	8	6	-	14
Net cash from (used in) investing activities	**(1 201)**	**(40)**	**-**	**(1 241)**
Dividends paid:				
- To Peugeot S.A. shareholders	-	-	-	-
- Intragroup	140	(140)	-	-
- To minority shareholders of subsidiaries	(5)	-	-	(5)
(Purchases) sales of treasury stock	-	-	-	-
Changes in other financial assets and liabilities	603	-	(127)	476
Other [(3)]	4	-	-	4
Net cash from (used in) financing activities	**742**	**(140)**	**(127)**	**475**
Effect of changes in exchange rates	141	29	-	170
Net increase (decrease) in cash and cash equivalents	**1 224**	**(6)**	**(87)**	**1 131**
Net cash and cash equivalents at beginning of period	7 817	1 289	(115)	8 991
Net cash and cash equivalents at end of period (Note 19.1)	**9 041**	**1 283**	**(202)**	**10 122**

(1) *In first-half 2009 and prior periods, this item only included net charges to non-current provisions (see Note 2).*

(2) *Acquisitions of shares in consolidated companies in first-half 2010 include:*
- For the manufacturing and sales companies, the cash paid by the Group for the acquisition of Emcon (see Note 3). The cash acquired in the Emcon transaction amounted to €61 million and is reported under "Other" cash flows from investing activities.
- For the finance companies, the cash paid by the Group for the acquisition of additional shares in DPCA Finance FC Ltd (see Note 10.1).

(3) *In 2009, "Other" includes the equity component of Peugeot S.A. Océane bonds (conversion option) for €125 million and minority interests in the Faurecia share issue for €133 million.*

Six months ended 30 June 2009				12 months ended 31 December 2009			
Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
(1 240)	**176**	**-**	**(1 064)**	**(1 627)**	**353**	**-**	**(1 274)**
1 683	7	-	1 690	3 194	12	-	3 206
396	2	-	398	301	3	-	304
(454)	(12)	-	(466)	(801)	(2)	-	(803)
22	-	-	22	24	(1)	-	23
1	-	-	1	(47)	-	-	(47)
41	-	-	41	229	-	-	229
(218)	-	-	(218)	(296)			(296)
231	**173**	**-**	**404**	**977**	**365**	**-**	**1 342**
1 896	(688)	(305)	903	2 616	(259)	(129)	2 228
2 127	**(515)**	**(305)**	**1 307**	**3 593**	**106**	**(129)**	**3 570**
-	-	-	-	-	-	-	-
1	-	-	1	1	-	-	1
-	-	-	-	-	-	-	-
(2)	-	-	(2)	(8)	(7)	-	(15)
44	7	-	51	90	15	-	105
1	-	-	1	9	1	-	10
(947)	(8)	-	(955)	(1 670)	(10)	-	(1 680)
(628)	(5)	-	(633)	(1 009)	(9)	-	(1 018)
(97)	-	-	(97)	(114)	-	-	(114)
(32)	9	-	(23)	(83)	10	(1)	(74)
(1 660)	**3**	**-**	**(1 657)**	**(2 784)**	**-**	**(1)**	**(2 785)**
-	-	-	-	-	-	-	-
143	(143)	-	-	143	(143)	-	-
(5)	-	-	(5)	(10)	-	-	(10)
-	-	-	-	-	-	-	-
3 819	-	(10)	3 809	4 565	-	105	4 670
273	-	-	273	281	-	-	281
4 230	**(143)**	**(10)**	**4 077**	**4 979**	**(143)**	**105**	**4 941**
49	50	-	99	12	46	-	58
4 746	**(605)**	**(315)**	**3 826**	**5 800**	**9**	**(25)**	**5 784**
2 017	1 280	(90)	3 207	2 017	1 280	(90)	3 207
6 763	**675**	**(405)**	**7 033**	**7 817**	**1 289**	**(115)**	**8 991**

INTERIM CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**

(in millions of euros)	Share capital	Treasury stock	Retained earnings excluding revaluations	Revaluations - excluding minority interests: Cash flow hedges	Available-for-sale financial assets	Translation adjustments	**Attributable to equity holders of the parent**	Minority interests	**Total equity**
At 31 December 2008 [(1)]	**234**	**(303)**	**13 285**	**17**	**40**	**(148)**	**13 125**	**134**	**13 259**
Total income (expenses) recognised in equity for the period	-	-	(962)	(17)	55	139	(785)	(103)	(888)
Measurement of stock options	-	-	4	-	-	-	4	-	4
Effect of changes in scope of consolidation and other [(2)]	-	-	5	-	-	-	5	143	148
Purchases and sales of treasury stock	-	-	-	-	-	-	-	-	-
Equity component (conversion option) of Oceane bonds	-	-	82	-	-	-	82	-	82
Dividends paid	-	-	-	-	-	-	-	(5)	(5)
At 30 June 2009	**234**	**(303)**	**12 414**	**-**	**95**	**(9)**	**12 431**	**169**	**12 600**
Total income (expenses) recognised in equity for the period [(1)]	-	-	(199)	12	39	11	(137)	(24)	(161)
Measurement of stock options	-	-	7	-	-	-	7	1	8
Effect of changes in scope of consolidation and other	-	-	(2)	-	-	(3)	(5)	(14)	(19)
Purchases and sales of treasury stock	-	-	-	-	-	-	-	-	-
Equity component (conversion option) of Oceane bonds			16				16	7	23
Dividends paid	-	-	-	-	-	-	-	(4)	(4)
At 31 December 2009	**234**	**(303)**	**12 236**	**12**	**134**	**(1)**	**12 312**	**135**	**12 447**
Total income (expenses) recognised in equity for the period	-	-	680	(4)	(45)	374	1 005	91	1 096
Measurement of stock options	-	-	4	-	-	-	4	-	4
Effect of changes in scope of consolidation and other [(3)]	-	-	114	-	-	-	114	189	303
Purchases and sales of treasury stock	-	-	-	-	-	-	-	-	-
Equity component (conversion option) of Oceane bonds	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(5)	(5)
At 30 June 2010	**234**	**(303)**	**13 034**	**8**	**89**	**373**	**13 435**	**410**	**13 845**

(1) *Adjusted for the retrospective application of IFRIC 14.*

(2) *Including minority interests in the Faurecia share issue for €133 million.*

(3) *Mainly including the effect of EMCON acquisition (see Note 3).*

NOTES TO THE **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Six months ended 30 June 2010

NOTE 1 - ACCOUNTING POLICIES

Except as described below and in Note 2, the interim consolidated financial statements for the six months ended 30 June 2010 have been prepared using the same accounting policies as those used to prepare the consolidated financial statements for the year ended 31 December 2009. The Group's consolidated financial statements for the year ended 31 December 2009 were prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union.

The following new and revised standards are applicable in the European Union from 1 January 2010:

• *IFRS 3 (revised) - Business Combinations*, which is applicable for business combinations carried out on or after 1 January 2010. The acquisition method (previously called the purchase method) still applies but a number of changes have been made. In particular, under the revised standard:
- Acquisition-related costs are recorded as an expense for the period in which they are incurred.
- For each business combination, any minority interest in the acquiree may be measured either at the acquisition-date fair value, leading to the recognition of the minority interest's share of goodwill (full goodwill method) or at the minority interest's proportionate share of the acquiree's identifiable net assets, resulting in recognition of only the share of goodwill attributable to equity holders of the parents.
- Contingent consideration is measured at the acquisition-date fair value. It may subsequently be adjusted through goodwill only if i) new information is obtained about facts and circumstances that existed as of the acquisition date, ii) the amounts recognised in the original accounting for a business combination were qualified as provisional and iii) the adjustment is made within the 12-month measurement period following the acquisition.
- All other subsequent adjustments are recognised in liabilities through profit or loss.

In the case of a step acquisition that leads to the Group acquiring control of the acquiree, the equity interest previously held by the Group is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

• IAS 27 (revised) – Consolidated and Separate Financial Statements. The revised standard introduces significant changes to the accounting treatment of transactions leading to the acquisition or loss of control of subsidiaries. Where a change in percentage interest in an entity leads to control being acquired or lost, the original investment is remeasured at fair value on the date of the change of control and the resulting gain or loss is recorded in the income statement. Conversely, changes in ownership interest that do not result in the acquisition or loss of control lead to a new allocation of equity between the Group and minority interests, including acquisition-related costs. Lastly, subsidiaries' losses are now allocated between the Group and minority interests based on their respective ownership interests, with the result that minority interests may have a deficit balance.

• *2008 amendment to IAS 39 – Exposures Qualifying for Hedge Accounting*. This amendment specifies the exposures that qualify as hedged risks. Its application had no material impact on the consolidated financial statements.

• *Annual Improvements to IFRSs 2009:* The only change to Group accounting policies resulted from applying the amendment to IAS 17 and the effect was not material. Under the amended standard, leases on land that do not include a bargain purchase option and do not provide for the automatic transfer of title to the lessee at the end of the lease must be analysed based on the criteria set out in the standard to determine whether they should be classified as operating or finance leases. Previously, all such leases were classified as operating leases.

The Group is not concerned by the other standards, revised standards or interpretations adopted by the European Union and applicable from 1 January 2010.

No standards were adopted by the European Union during first-half 2010 that would be applicable by the Group in 2011 and subsequent years.

The interim consolidated financial statements for the six months ended 30 June 2010 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 and understood in conjunction with the 2009 consolidated financial statements.

The interim consolidated financial statements and accompanying notes for the six months ended 30 June 2010 were authorized for issue by the Managing Board of Peugeot S.A. on 20 July 2010.

NOTE 2 - ADJUSTMENTS TO FINANCIAL INFORMATION REPORTED IN PRIOR PERIODS

Reclassification of current provisions in the statement of cash flows

To comply with generally accepted accounting practice, the Group has decided to treat movements on current provisions in the same way as movements on non-current provisions in the consolidated statement of cash flows. Consequently, starting with the 2009 annual consolidated financial statements, movements on current provisions that were previously reported under "Changes in operating assets and liabilities" are now included under "Provisions", with the result that they are taken into account in the calculation of working capital.

NOTE 3 - SCOPE OF CONSOLIDATION

Changes in the number of consolidated companies in first-half 2010 were as follows:

	30 June 2010
Consolidated companies at 1 January 2010	**373**
Newly-consolidated companies:	44
- Automotive companies	*1*
- Automotive equipment companies	*41*
- Transportation and logistics companies	*-*
- Finance and insurance companies	*2*
Companies sold or removed from the scope of consolidation	(1)
Merged companies and other	(3)
Consolidated companies at 30 June 2010	**413**

The increase in the number of consolidated companies stemmed primarily from the consolidation of the Emcon group companies within the Faurecia sub-group.

Other changes in the scope of consolidation in first-half 2010 did not have a material impact on the consolidated financial statements, either individually or in the aggregate.

Acquisition of Emcon Technologies by Faurecia

On 30 October 2009, Faurecia signed an agreement for the acquistion of the Emcon Technologies Group from Emcon Holdings, a private equity company owned by One Equity Partners LP 11, JP Morgan Chase & Co's private equity division. Emcon Technologies is the leading integrator of emissions control technologies. The necessary authorisations were obtained from the relevant anti-trust authorities in Europe, the United States and elsewhere in early 2010.

Faurecia issued a total of 20,918,224 shares (representing 18.95% of the capital and 16.41% of the voting rights) to Emcon Holdings in exchange for 100% of the Emcon Technologies Group, and assumed Emcon Holdings debt in the amount of $22.3 million (approximately €16 million).

The acquisition and share issue were approved by Faurecia's shareholders at an Extraordinary Meeting held on 8 February 2010.
The share issue led to a €172 million increase in consolidated reserves; however, it also had the effect of reducing Peugeot S.A.'s percentage interest in Faurecia, resulting in a €54 million decrease in these reserves in the PSA Peugeot Citroën Group's consolidated balance sheet.

The provisional amounts recorded for identifiable assets and liabilities and for goodwill may be adjusted during the one-year measurement period that began on 8 February 2010.

The initial acquisition cost of €315 million (excluding acquisition-related costs recorded as an expense for the period) has provisionally been allocated to the acquired assets and assumed liabilities for a net amount of €155 million, with the remaining €160 million recorded as goodwill. The main fair value adjustments made to date are as follows:
- Recognition of intangible assets corresponding to technologies and contractual customer relationships for €25 million, based on independent valuations.
- Recognition of additional provisions for contingent liabilities related to claims and litigation, estimated at €10 million.
- Fair value adjustments to property, plant and equipment and investments in non-consolidated companies of €33 million and €23 million respectively.
- Recognition of corresponding deferred tax assets and liabilities for €2 million and €26 million respectively.

The remaining goodwill primarily reflects human capital and expected revenue and cost synergies.
The acquisition-related costs totalled €9 million, of which €7 million was recorded as an expense for 2009 and the balance as an expense for first-half 2010.
Emcon and its subsidiaries have been consolidated from 1 January 2010 as income and expenses for the period from 1 January to 8 February 2010 are not material in relation to the consolidated financial statements. Their contribution to PSA Peugeot Citroën's first-half 2010 revenue and recurring operating income amounted to €1,123 million and €11 million respectively.

As a result of Faurecia's acquisition of Emcon Technologies, PSA Peugeot Citroën's interest in Faurecia now stands at 57.43% compared with 70.86% in 2009. However, the Group continues to exercise exclusive control over the automotive equipment group.

Acquisition of Plastal Germany by Faurecia

On 3 February 2010, Faurecia signed an agreement to acquire the German assets of Plastal, a tier-one supplier of plastic exterior parts for the automotive industry. The acquisition was completed on 31 March 2010, after anti-trust approval had been obtained.
For Faurecia, the main benefits expected from the acquisition include:
- Improved positioning in the European plastic exterior parts market.
- Increased market shares among German automakers.

The initial acquisition cost of €31 million, net of assumed liabilities and excluding acquisition-related costs recorded as an expense, has been allocated to the acquired assets and assumed liabilities. Plastal Germany has been in administrative receivership since June 2009 and Faurecia was therefore able to acquire the business at a bargain price, resulting in the recognition of a €60 million gain. This amount is included in "Other non-recurring operating income (see Note 6).

The acquisition cost has been allocated to the acquired assets and assumed liabilities after taking into account the following main fair value adjustments:
- Recognition of contractual customer relationships in the amount of €7 million based on an independent valuation.
- Negative fair value adjustments to property, plant and equipment totalling €15 million.
- Recognition of call options on Plastal Spain and Plastal France shares for €4 million.
- Recognition of the corresponding deferred tax liabilities of €1 million.

The acquisition-related costs have been recorded as an expense for the period and are not material.
The provisional amounts recorded for identifiable assets and liabilities and for goodwill may be adjusted during the one-year measurement period that began on 31 March 2010.

Plastal Germany's contribution to PSA Peugeot Citroën's revenue and recurring operating income for the period from 1 April to 30 June 2010 amounted to €121 million and €8 million respectively.

Creation of a joint-venture in China

On 6 May 2010, PSA Peugeot Citroën and China Chang'An Automobile Group (CCAG) signed a letter of intent for the creation of a 50-50 joint venture.

Subsequent event

On 9 July 2010, PSA Peugeot Citroën and China Chang'An Automobile Group (CCAG) signed an agreement covering the creation of a 50-50 joint venture to manufacture and sell light commercial vehicle and passenger car line-ups in China. Based in Shenzhen, in Guangdong province, the joint venture will have an initial manufacturing capacity of 200,000 vehicles and engines a year. It will operate two production lines, through the renovation of an existing line and the building of a new line, and will also have its own R&D centre.
The new company will be capitalised at RMB 4 billion (approximately €445 million), to be shared equally by the two partners. The initial investment will amount to RMB 8.4 billion (approximately €935 million).
The first vehicle is scheduled to be launched in second-half 2012.
The joint venture remains subject to final approval by the relevant authorities.

NOTE 4 - 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 2009 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.

4.1. SEGMENT INFORMATION

Six months ended 30 June 2010 (in millions of euros)	Automotive	Automotive equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	Total
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 (Note 6)	(35)	-	-	-	(2)	-	**(37)**
Other non-recurring operating expenses	-	(5)	-	-	-	-	**(5)**
Operating income	**459**	**215**	**123**	**269**	**-**	**2**	**1 068**
Net financial income (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**
Segment assets	29 424	6 419	1 121	27 101	(2 580)	(1 551)	59 934
- of which investments in companies at equity	*952*	*27*	*-*	*56*	*6*	*-*	*1 041*
Segment liabilities	(18 882)	(4 019)	(882)	(23 739)	1 614	1 640	(44 268)
Capital expenditure [(1)]	**1 077**	**194**	**10**	**12**	**3**		**1 296**

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

Six months ended 30 June 2009 (in millions of euros)	Automotive	Automotive equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	Total
Revenue							
- third parties	18 651	3 461	521	777	87	-	**23 497**
- intragroup, intersegment	7	919	874	138	43	(1 981)	**-**
Total	**18 658**	**4 380**	**1 395**	**915**	**130**	**(1 981)**	**23 497**
Recurring operating income (loss)	**(904)**	**(187)**	**7**	**244**	**7**	**7**	**(826)**
Non-recurring operating income	1	7	1	-	-	-	**9**
Restructuring costs	(206)	(72)	(16)	-	-	-	**(294)**
Impairment losses on CGUs (Note 6)	(217)	-	-	-	-	-	**(217)**
Other non-recurring operating expenses	-	(4)	-	-	-	-	**(4)**
Operating income (loss)	**(1 326)**	**(256)**	**(8)**	**244**	**7**	**7**	**(1 332)**
Net financial income (expense)		**(97)**		**(1)**		**(128)**	**(226)**
Income taxes		(11)		(67)		548	**470**
Share in net earnings of companies at equity	21	3	-	-	-	-	**24**
Consolidated profit (loss) for the period		**(361)**		**176**			**(1 064)**
Segment assets	27 810	4 965	1 105	26 099	(1 976)	(1 370)	56 633
- of which investments in companies at equity	*720*	*18*	*-*	*14*	*5*	*-*	*757*
Segment liabilities	(17 755)	(2 898)	(791)	(23 066)	1 110	1 664	(41 736)
Capital expenditure [(1)]	**1 424**	**142**	**8**	**13**	**1**		**1 588**

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

Twelve months ended 31 December 2009 *(in millions of euros)*	Automotive	Automotive equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	Total
Revenue							
- third parties	38 250	7 432	1 046	1 532	157	-	**48 417**
- intragroup, intersegment	15	1 860	1 842	291	119	(4 127)	**-**
Total	**38 265**	**9 292**	**2 888**	**1 823**	**276**	**(4 127)**	**48 417**
Recurring operating income (loss)	**(1 257)**	**(92)**	**102**	**498**	**54**	**6**	**(689)**
Non-recurring operating income	22	7	1	1	-	-	**31**
Restructuring costs	(206)	(130)	(18)	-	-	-	**(354)**
Impairment losses on CGUs (Note 6)	(217)	-	-	-	(1)	-	**(218)**
Other non-recurring operating expenses	(162)	(11)	(10)	(3)	-	-	**(186)**
Operating income (loss)	**(1 820)**	**(226)**	**75**	**496**	**53**	**6**	**(1 416)**
Net financial income (expense)		**(166)**		**(1)**		**(353)**	**(520)**
Income taxes		(36)		(142)		767	**589**
Share in net earnings of companies at equity	62	11	-	-	-	-	**73**
Consolidated profit (loss) for the period		**(417)**		**353**			**(1 274)**
Segment assets	27 210	4 828	999	25 961	(2 354)	(1 347)	55 297
- of which investments in companies at equity	*749*	*31*	*-*	*14*	*5*	*-*	*799*
Segment liabilities	(17 353)	(2 825)	(741)	(22 788)	1 503	1 469	(40 735)
Capital expenditure [(1)]	**2 382**	**276**	**20**	**19**	**1**		**2 698**

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

4.2. RECONCILIATION TO THE CONSOLIDATED BALANCE SHEET

(in millions of euros)	30 June 2010	30 June 2009	31 December 2009
Segment assets at the period-end	**59 934**	**56 633**	**55 297**
Other non-current financial assets	832	795	811
Current financial assets	341	329	284
Cash and cash equivalents [(1)]	8 882	6 396	7 729
Assets reported in the consolidated balance sheet	**69 989**	**64 153**	**64 121**
Segment liabilities at the period-end	**44 268**	**41 736**	**40 735**
Equity	13 845	12 600	12 447
Non-current financial liabilities	9 840	7 982	9 268
Current financial liabilities [(1)]	2 036	1 835	1 671
Equity and liabilities reported in the consolidated balance sheet	**69 989**	**64 153**	**64 121**

[(1)] *Including eliminations*

NOTE 5 - RESEARCH AND DEVELOPMENT EXPENSES

(in millions of euros)	First-half 2010	First-half 2009	2009
Total expenditure	(1 113)	(1 173)	(2 286)
Capitalized development expenditure [(1)]	537	599	1 082
Non-capitalized expenditure	**(576)**	**(574)**	**(1 204)**
Amortization of capitalized development expenditure	(417)	(362)	(746)
Total	**(993)**	**(936)**	**(1 950)**

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

NOTE 6 - 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 2010**	First-half 2009	2009
Net gains on disposals of property	3	9	30
Other non-recurring operating income	61	-	1
Total non-recurring operating income	**64**	**9**	**31**
Impairment loss on Automotive Division CGUs (Note 6.1)	(35)	(217)	(217)
Impairment loss on Faurecia group CGUs and other Faurecia group assets (Note 6.2)	-	-	-
Impairment loss on Other businesses CGUs	(2)	-	(1)
Restructuring costs (Note 6.3)	(91)	(294)	(354)
Liability in respect of minimum funding requirement for pensions	-	-	(167)
Other non-recurring operating expenses	(5)	(4)	(19)
Total non-recurring operating expenses	**(133)**	**(515)**	**(758)**

Other non-recurring operating income includes a bargain purchase gain of €60 million recorded on the acquisition of Plastal by Faurecia.

6.1. IMPAIRMENT LOSS ON AUTOMOTIVE DIVISION CGUs

As of 31 December 2009, impairment tests led to write-downs of Automotive Division CGUs for a total of €217 million. This amount corresponds to the full write-down of two CGUs for €101 million and a €116 million provision for take-or-pay contract penalties paid or payable.

Impairment tests carried out at 30 June 2010 led to a €35 million increase in these provisions for take-or-pay contract penalties .

6.2. IMPAIRMENT LOSS ON FAURECIA GROUP CGUs

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

There were no indications that these CGUs might be impaired at 30 June 2010 and therefore no impairment tests were performed at that date.

6.3. RESTRUCTURING COSTS

Automotive Division

Automotive Division restructuring costs amounted to €33 million in first-half 2010, corresponding mainly to the following:

In France:

In 2009, the workforce streamlining plan launched in 2008 was extended until March 2010 for certain employees of the Rennes plant, leading to the recognition of additional estimated net costs of €160 million. At 30 June 2010, the provision was increased by a net €15 million, based on the actual number of employees who joined the plan (6,236 persons).

On 20 April 2010, the Group presented a plan to the Central Works Council concerning a new organisation of replacement part logistics operations. Following the reorganisation, the Melun intermediate warehouse will no longer be needed and the voluntary departure and internal redeployment measures have therefore remained in force at this facility, leading to an €8 million net increase in the related provision.

In Europe:

The cost of workforce streamlining programmes in other European countries amounted to €8 million in first-half 2010 compared with €59 million in 2009.

Automotive Equipment Division (Faurecia Group)

Faurecia Group restructuring costs totalled €58 million in first-half 2010, including €57 million for workforce reduction measures involving 1,114 employees.

Transportation and Logistics Division

No restructuring costs were recorded by the Gefco subgroup in first-half 2010.

NOTE 7 - 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 statements of income as follows:

(in millions of euros)	**First-half 2010**	First-half 2009	2009
Income (loss) before tax of fully-consolidated companies	**827**	**(1 558)**	**(1 936)**
French statutory income tax rate for the period	*34,4%*	*34,4 %*	*34,4 %*
Theoretical tax (expense) benefit for the period based on the French statutory income tax rate	**(285)**	**536**	**667**
Permanent differences	20	(14)	13
Income taxable at reduced rates	22	19	34
Tax credits	30	10	17
Effect of differences in foreign tax rates and other	14	16	6
Unrecognized deferred tax assets and impairment losses	(28)	(97)	(148)
Income tax (expense) benefit	**(227)**	**470**	**589**
Effective tax rate applicable to the Group	*27,4%*	*30,2%*	*30,4%*

Unrecognized deferred tax assets and impairment losses mainly concern the Faurecia group.

To facilitate comparisons between the periods presented, €22 million in 2009 and €4 million in first-half 2010 have been reclassified from "Permanent differences" to "Effect of differences in foreign tax rates and other". The purpose of this reclassification is to present all the tax effects of consolidated tax transparent entities on the same line.

NOTE 8 - 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 excludes shares held in treasury stock.

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 and the conversion of Océane convertible bonds. The following table shows the effects of the calculation:

Effect on the average number of shares

	First-half 2010	First-half 2009	2009
Average number of €1 par value shares outstanding	226 861 703	226 860 584	226 861 055
Dilutive effect of stock option plans, calculated by the treasury stock method	-	-	-
Dilutive effect of Océane convertible bonds, calculated by the treasury stock method	-	-	-
Diluted average number of shares	**226 861 703**	**226 860 584**	**226 861 055**

Earnings per share are presented at the foot of the income statement.

In light of the characteristics of the stock option plans and the Peugeot S.A. Océane convertible bonds, and the average Peugeot S.A. share price, there were no dilutive potential ordinary shares in first-half 2010.

Effect on profit attributable to equity holders of the parent

(in millions of euros)	**First-half 2010**	First-half 2009	2009
Consolidated profit (loss) attributable to equity holders of the parent	680	(962)	(1 161)
Cancellation of interest on Peugeot S.A. Océane bonds, net of tax	14	n/a	14
Dilutive effect of Faurecia Océane bonds	(3)	-	-
Consolidated profit (loss) assuming conversion of all outstanding Océane bonds	**691**	**(962)**	**(1 147)**

In November 2009, Faurecia carried out an Océane convertible bond issue. The PSA Peugeot Citroën Group decided not to purchase any of the bonds and the issue will therefore have no potential future impact on the number of Faurecia shares held by the Group. Similarly, Faurecia stock options have no impact. As there is no dilutive effect on earnings per share at the level of Faurecia, there is no dilutive effect at the level of Peugeot S.A.

NOTE 9 - GOODWILL

(in millions of euros)	**30 June 2010**	31 December 2009
Carrying value		
Faurecia	187	187
Faurecia businesses:		
- Automotive Seating	793	793
- Emissions Control Technologies [(1)]	334	151
- Automotive Exteriors	96	96
Peugeot Automotiv Pazarlama AS (Popas)	11	10
Crédipar	75	75
Bank PSA Finance Rus	2	-
Total	**1 498**	**1 312**

[(1)] *Including €160 million in goodwill arising from Faurecia's February 2010 acquisition of Emcon (see Note 3)*

NOTE 10 - INVESTMENTS IN COMPANIES AT EQUITY

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

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

(in millions of euros)	**30 June 2010**	31 December 2009
At beginning of period	**799**	**746**
Dividends and profit transfers	(15)	(25)
Share of net earnings	137	73
Newly consolidated companies	1	-
Capital increase (reduction)	1	1
Disposals and other [(1)]	40	3
Translation adjustment	78	1
At period-end	**1 041**	**799**
o/w Dongfeng Peugeot Citroën Automobile goodwill	72	61
o/w Dongfeng Peugeot Citroën Automobile Finance Company Ltd goodwill	7	-

[(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 Banque PSA Finance continues to exercise management control jointly with its Chinese partner, the company continued to be accounted for by the equity method at 30 June 2010.*

10.2. SHARE IN NET ASSETS OF COMPANIES AT EQUITY

(in millions of euros)	Latest % interest	**30 June 2010**	31 December 2009
Renault cooperation agreement			
Française de Mécanique	50 %	21	22
Société de Transmissions Automatiques	20 %	3	3
Fiat cooperation agreement			
Sevelnord	50 %	95	95
Gisevel	50 %	26	26
Sevelind	50 %	15	17
Sevel SpA	50 %	70	64
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50 %	132	112
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile [(1)]	50 %	581	402
Dongfeng Peugeot Citroën Automobile Finance Company Ltd [(1)]	75 %	56	14
Other			
Other excluding Faurecia		15	13
Faurecia companies at equity		21	27
Total		**1 035**	**795**

[(1)] *Including goodwill (see Note 10.1)*

The Group's share of the net assets of companies at equity comprises €1,041 million related to companies with a positive net worth, reported under "Investments in companies at equity", minus €6 million for companies with a negative net worth, reported under "Non-current provisions".

10.3. SHARE IN NET EARNINGS OF COMPANIES AT EQUITY

(in millions of euros)	Latest % interest	**30 June 2010**	31 December 2009
Renault cooperation agreement			
Française de Mécanique	50 %	(1)	1
Société de Transmissions Automatiques	20 %	-	-
Fiat cooperation agreement			
Sevelnord	50 %	-	8
Gisevel	50 %	-	4
Sevelind	50 %	(2)	(2)
Sevel SpA	50 %	5	(29)
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50 %	29	22
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile [(1)]	50 %	97	57
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	75 %	1	-
Other			
Other excluding Faurecia		1	1
Faurecia companies at equity		7	11
Total		**137**	**73**

[(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 2010 to 8% of pre-tax profit.*

NOTE 11 - CURRENT AND NON-CURRENT FINANCIAL ASSETS

	30 June 2010		31 December 2009	
(in millions of euros)	Non-current	Current	Non-current	Current
Loans and receivables	144	240	129	229
Investments classified as "available-for-sale"	179	-	217	-
Investments accounted for using the fair value option	355	-	319	25
Derivative instruments	251	101	192	30
Total financial assets, net	**929**	**341**	**857**	**284**

The carrying amount of "available-for-sale" securities includes unrealized gains of €93 million at 30 June 2010 (€136 million at 31 December 2009).

NOTE 12 - OTHER NON-CURRENT ASSETS

(in millions of euros)	**30 June 2010**	31 December 2009
Excess of payments to external funds over pension obligations	3	13
FMEA units	62	57
Guarantee deposits and other [(1)]	234	199
Total	**299**	**269**

[(1)] *Including derivatives in the amount of €1 million.*

"Other non-current assets" at 30 June 2010 include €62 million worth of units in Fonds de Modernisation des Equipementiers Automobiles (FMEA). The Group is committed to investing a total of €200 million in this "FCPR" fund, which has been set up to support automotive equipment manufacturers. The units have been classified as available-for-sale in accordance with IAS 39 and are therefore measured at fair value. They are reported as non-current assets because of the lock-up applicable to the Group's investment in the fund.

NOTE 13 - LOANS AND RECEIVABLES FINANCE COMPANIES

(in millions of euros)	**30 June 2010**	31 December 2009
Retail and Corporate finance receivables, net		
Credit sales	9 932	9 594
Long-term leases	4 757	4 653
Leases subject to buyback commitments	2 648	2 665
Other receivables	205	212
Current accounts and other	50	60
Retail and Corporate finance receivables, net	**17 592**	**17 184**
Wholesale finance receivables, net		
Dealer floor plan financing	4 942	4 359
Other receivables	599	592
Other	271	310
Total Wholesale finance receivables, net	**5 812**	**5 261**
Fair value adjustments to portfolios hedged against interest rate risks	151	208
Eliminations	(220)	(93)
Total	**23 335**	**22 560**

Retail and Corporate finance receivables correspond to automobile loans made by the finance companies to individual and fleet customers of the Peugeot and Citroën brands.

Wholesale finance receivables represent amounts due to Peugeot and Citroën by their dealer networks and certain European importers that have been transferred to the Group finance companies, and floor plan financing provided by the finance companies to the dealer networks.

Retail and Corporate finance receivables at 30 June 2010 include €4,410 million in securitized finance receivables that were still carried on the balance sheet at the period-end (€4,710 million at 31 December 2009). The Banque PSA Finance group carried out several securitization transactions through the French Auto ABS umbrella fund (FCC) set up in June 2001 and the Italian Auto ABS S.r.l. fund set up in July 2007. On 30 July 2008, Banque PSA Finance's German branch sold €1 billion worth of finance receivables to the 2008-1 compartment of Auto ABS. Auto ABS 2008-1 issued €970 million worth of AAA/Aaa-rated preferred bonds and €30 million worth of A/Aa3-rated subordinated bonds, with the German branch's retained interest amounting to €10,000.

On 21 April 2009, Banque PSA Finance's Spanish branch sold €1,180 million worth of finance receivables to the 2009-1 compartment of Auto ABS. Auto ABS 2009-1 issued €1,050 million worth of AAA-rated preferred bonds, €83 million worth of A-rated subordinated bonds and €47 million worth of B-rated subordinated bonds, all of which were purchased by Banque PSA Finance.

On 13 April 2010, Banque PSA Finance's two Brazilian subsidiaries began selling finance receivables and future revenue streams from leases with a buyback commitment to a Fundo de Investimentos em Direitos Creditórios (FIDC). As of 30 June 2010, receivables totalling BRL 685 million (approximately €313 million) had been sold. FIDC is an open-end fund, allowing for successive sales of finance receivables pursuant to the terms of the related agreeement with Banco Santander. The senior bonds issued by FIDC (90%) have been purchased by Banco Santander and the subordinated bonds (10%) by the Brazilian subsidiaries of Banque PSA Finance.

Liabilities corresponding to securities issued by securitization funds are shown in Note 18.

NOTE 14 - INVENTORIES

(in millions of euros)	**30 June 2010**	30 June 2009	31 December 2009
Raw materials and supplies	649	571	550
Semi-finished products and work-in-progress	831	812	603
Goods for resale and used vehicles	673	912	853
Finished products and replacement parts	3 883	3 470	3 354
Total carrying amount	**6 036**	**5 765**	**5 360**
- of which cost	6 512	6 366	5 921
- of which impairment	(476)	(601)	(561)

NOTE 15 - SHARE CAPITAL AND SHARE BUYBACK PROGRAMS

The Group used the buyback authorisations given at Shareholders' Meetings to purchase Peugeot S.A. shares into treasury prior to 1 January 2009. There were no changes in treasury stock during the first half of 2010:

	Authorisations	Transactions	
(number of shares)		**30 June 2010**	31 December 2009
At beginning of period		**7 187 450**	**7 188 214**
Share buybacks			
AGM of 28 May 2008	17 000 000	-	-
AGM of 3 June 2009	16 000 000	-	-
AGM of 2 June 2010	16 000 000	-	-
Share cancellations			
AGM of 28 May 2008	10% of capital	-	-
AGM of 3 June 2009	10% of capital	-	-
AGM of 2 June 2010	10% of capital		
Share sales			
On exercise of stock options		-	(764)
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		1 278 543	1 278 543
Unallocated shares		516 800	516 800

Share capital at 30 June 2010 was represented by 234,049,170 ordinary shares with a par value of €1 each.

In order to allocate financial resources in priority to the Group's development and to strengthening its cash position, no dividend was paid for 2009.

NOTE 16 - CURRENT AND NON-CURRENT PROVISIONS

16.1. NON-CURRENT PROVISIONS

(in millions of euros)	**30 June 2010**	31 December 2009
At beginning of period	**986**	**925**
Movements taken to profit or loss		
Additions	65	310
Releases (utilisations)	(87)	(204)
Releases (surplus provisions)	(9)	(54)
	(31)	**52**
Other movements		
Translation adjustment	43	19
Change in scope of consolidation and other	26	(10)
At end of period	**1 024**	**986**
of which provisions for pensions	839	810

16.2. CURRENT PROVISIONS

(in millions of euros)	**30 June 2010**	31 December 2009
At beginning of period	**2 399**	**2 080**
Movements taken to profit or loss		
Additions	649	1 568
Releases (utilisations)	(659)	(1 043)
Releases (surplus provisions) [(1)]	(74)	(259)
	(84)	**266**
Other movements		
Translation adjustment	68	45
Change in scope of consolidation and other	100	8
At end of period	**2 483**	**2 399**
of which warranty provisions	839	841

[(1)] *An amount of €55 million was released from warranty provisions during the period following a reduction in observed warranty costs.*

NOTE 17 - CURRENT AND NON-CURRENT FINANCIAL LIABILITIES MANUFACTURING AND SALES COMPANIES

17.1. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

	30 June 2010 Amortised cost or fair value		31 December 2009 Amortised cost or fair value	
(in millions of euros)	Non-current	Current	Non-current	Current
Convertible bonds [(1)]	647	18	633	13
Other bonds	3 585	164	3 030	71
Employee profit-sharing fund	17	5	20	7
Finance lease liabilities	375	136	362	149
Other long-term debt	5 198	333	5 200	223
Other short-term financing and overdraft facilities	-	1 377	-	1 198
Derivative instruments	18	3	23	9
Total financial liabilities	**9 840**	**2 036**	**9 268**	**1 670**

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

17.2. REFINANCING TRANSACTIONS

There were no material refinancing transactions during first-half 2010, except as described below:

- Peugeot S.A. bond issue

On 21 June 2010, Peugeot S.A. launched a €500 million 5-year bond issue to finance the buyback of 10-year bonds due September 2011. Settlement and delivery of the 5-year bonds, due June 2015, took place on 29 June 2010.

Subsequent events

- Launch of a bond buyback offer
On 21 June 2010, PSA Peugeot Citroën launched an offer to buy back €245 million worth of ten-year bonds (nominal amount) due September 2011. The offer closed on 1 July and the buyback price, including accrued interest and the redemption premium, was paid to bond holders on 6 July for a total of €264 million. The net gain from the buyback amounted to €3 million and will be recorded as a deduction from finance costs.

- Rollover of the Peugeot S.A. line of credit
On 9 July 2010, Peugeot S.A. signed a new €2,400 million 3-year syndicated revolving credit facility (with two extensions of one year at the banks' option) with a group of 21 banks. The new facility refinances the existing €2,400 million facility, which was due to expire in March 2011. The revolving facility has an opening margin of 170 basis points, including a 40% non utilization fee.

Together with the two successful debt market transactions of June 2010, this facility meets the Group's 2011 refinancing needs in advance, on favourable terms, while lengthening its average debt maturity and further strengthening its balance sheet.

- Signature of a new financing agreement with EIB
On 15 July 2010, Peugeot Citroën Automobiles S.A. signed a €200 million loan agreement with the European Investment Bank (EIB) to finance part of the cost of developing a new vehicle project.

NOTE 18 - FINANCING LIABILITIES - FINANCE COMPANIES

18.1. FINANCING LIABILITIES

(in millions of euros)	**30 June 2010**	31 December 2009
Securities issued by securitization funds	3 378	3 841
Other bond debt	413	413
Other debt securities	10 816	9 105
Bank borrowings	6 772	7 288
	21 379	**20 647**
Customer deposits	477	414
	21 856	**21 061**
Amounts due to Group manufacturing and sales companies	(302)	*(206)*
Total	**21 554**	**20 855**

18.2. REFINANCING TRANSACTIONS

During first-half 2010, Banque PSA Finance carried out several EMTN issues:
- In January, €750 million at 3.875% due January 2013
- In February, €250 million at 3-month Euribor due August 2011
- In March, €750 million at 3.625% due September 2013
- In April, €500 million at 3.625% due April 2014.

Subsequent event

On 8 July 2010, Banque PSA Finance issued €500 million worth of EMTNs at 4% due July 2013.

Including this issue, since the beginning of the year Banque PSA Finance has raised over €2,700 million through its EMTN programme, meeting the bulk of its capital market financing needs for the year.

NOTE 19 - NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(in millions of euros)	**30 June 2010**	30 June 2009	31 December 2009
Cash and cash equivalents	9 084	6 801	7 843
Payments issued [(1)]	(43)	(38)	(26)
Net cash and cash equivalents - manufacturing and sales companies	**9 041**	**6 763**	**7 817**
Net cash and cash equivalents - finance companies	**1 283**	**675**	**1 289**
Elimination of intragroup transactions [(2)]	*(202)*	*(405)*	*(115)*
Total	**10 122**	**7 033**	**8 991**

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

[(2)] The elimination of intragroup transactions concerns the transfer of Automotive Division receivables to the finance companies on the last day of the month. The corresponding cash flows are recognized by the Automotive Division on the day of transfer and by the finance company on the following day.

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

(in millions of euros)	**First-half 2010**	First-half 2009	2009
(Increase) decrease in inventories	(310)	2 053	2 488
(Increase) decrease in trade receivables	(893)	(341)	169
Increase (decrease) in trade payables	638	(378)	(23)
Change in income taxes	88	(52)	49
Other changes	248	614	(67)
	(229)	**1 896**	**2 616**
Net cash flows with Group finance companies	84	*211*	*210*
Total	**(145)**	**2 107**	**2 826**

19.3. CASH FLOWS FROM OPERATING ACTIVITIES OF THE FINANCE COMPANIES

(in millions of euros)	**First-half 2010**	First-half 2009	2009
Increase (decrease) in finance receivables	(466)	(485)	235
Increase (decrease) in short-term investments	36	586	475
(Increase) decrease in financing liabilities	358	(1 131)	(1 264)
Change in income taxes	10	18	11
Other changes	16	324	284
	(46)	**(688)**	**(259)**
Net cash flows with Group manufacturing and sales companies	(44)	*(516)*	*(339)*
Total	**(90)**	**(1 204)**	**(598)**

NOTE 20 - NET FINANCIAL POSITION OF THE MANUFACTURING AND SALES COMPANIES

(in millions of euros)	**30 June 2010**	2009
Financial assets and liabilities of manufacturing and sales companies		
Cash and cash equivalents	9 084	7 843
Other non-current financial assets	857	836
Current financial assets	414	349
Non-current financial liabilities	(9 840)	(9 268)
Current financial liabilities	(2 247)	(1 753)
Net financial position of manufacturing and sales companies	**(1 732)**	**(1 993)**
o/w external loans and borrowings	(1 821)	(2 115)
o/w financial assets and liabilities with finance companies	89	122

The proceeds from debt taken on in 2009 and first-half 2010 to meet the Group's future financing needs (see Note 17.2) were invested in short-term money market products.

NOTE 21 - MARKET RISKS

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

NOTE 22 - OFF-BALANCE SHEET COMMITMENTS

During the first half of 2010, the Group pursued its strategy of cooperating with other carmakers and signed new agreements for the development and production of new models. Under the terms of these agreements, the Group is committed to financing expenditure on R&D and specific tooling during the period to 2012. The agreements also include a take-or-pay clause covering the period to 2017, under which Group is committed to taking delivery of a minimum quantity of products manufactured by the joint venture concerned or, if unable to do so, to paying the corresponding share of the related production costs borne by the other partner.

There were no other material changes in off-balance sheet commitments during first-half 2010.

NOTE 23 - SUBSEQUENT EVENTS

The events in the period between 30 June 2010 and the meeting of the Supervisory Board on 27 July 2010 to review the interim consolidated financial statements that could have a material impact on economic decisions made on the basis of these financial statements are discussed in Note 3 - Scope of Consolidation, Note 17 - Current and Non-current Financial Liabilities - Manufacturing and Sales Companies, and Note 18.2 - Financing Liabilities - Finance Companies: Refinancing Transactions.

IV– STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2010 HALF-YEAR FINANCIAL REPORT

Person Responsible for the 2010 Half-Year Financial Report

Philippe Varin

Chairman of the Managing Board

Peugeot S.A.

Statement by the Person Responsible for the 2010 Half-Year 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 34 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 Managing Board of Peugeot S.A.

Person Responsible for Financial Information

James Palmer
Investor Relations Officer
Phone: +33 (0)1 40 66 54 59

V – STATUTORY AUDITORS' REVIEW REPORT ON THE 2010 INTERIM FINANCIAL INFORMATION

(Period from 1 January 2010 to 30 June 2010)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,
Peugeot SA
75, avenue de la Grande Armée
75016 Paris

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Peugeot SA, for the six months ended 30 June 2010,
- the verification of information contained in the interim management report.

These condensed interim consolidated financial statements are prepared under the responsibility of the Managing 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 of 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 we would 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 the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting", as adopted by the European Union.

Without qualifying the above conclusion, we draw your attention to the accounting changes disclosed in Note 1 (new accounting principles applied prospectively as from 1 January 2010) and in Note 2 (adjustments to financial information reported in prior periods) to the financial statements.

2. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 27 July 2010

The Statutory Auditors
French original signed by

Mazars	**PricewaterhouseCoopers Audit**
Loïc Wallaert	Pierre Riou

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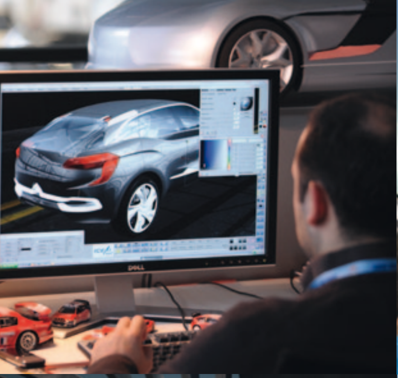
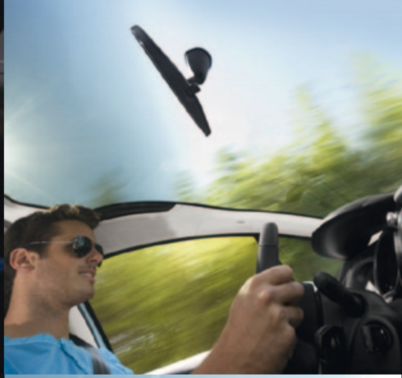
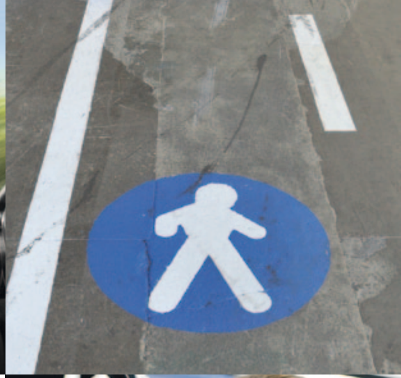
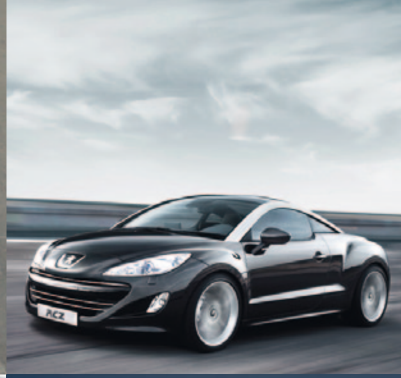
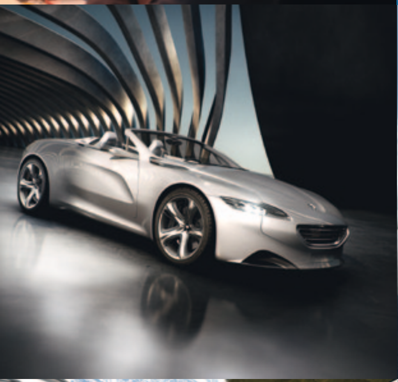
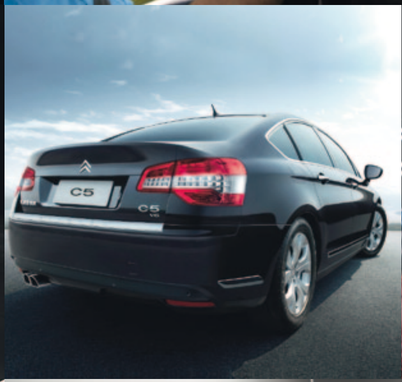



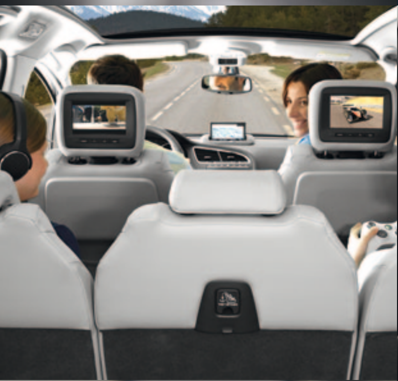
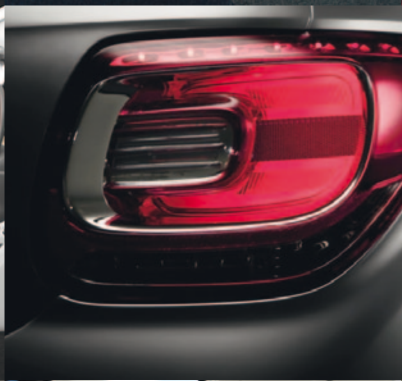
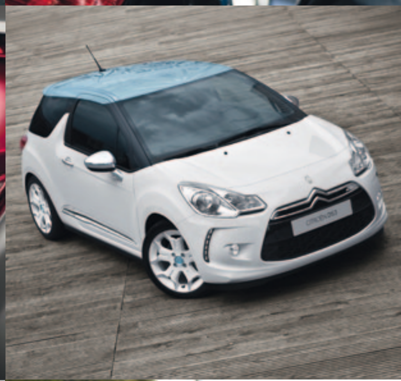
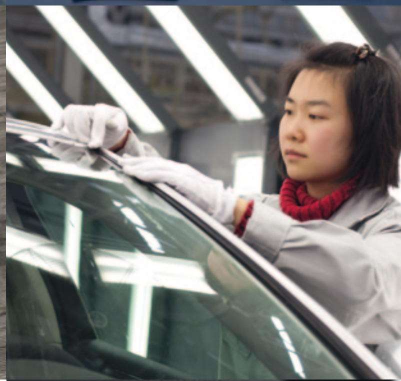
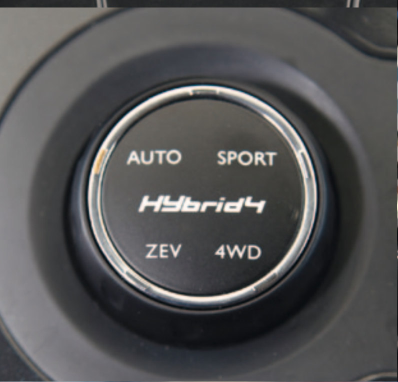


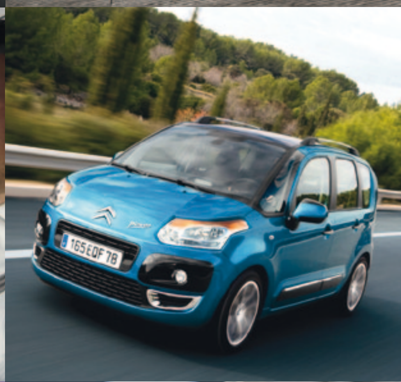

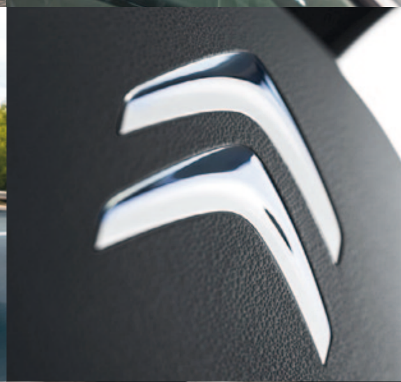
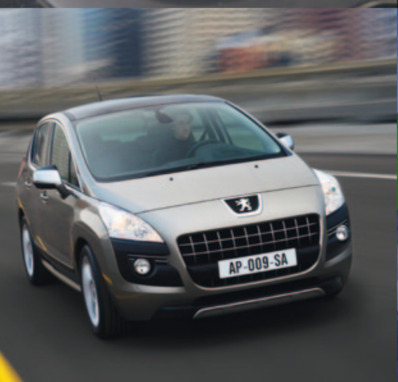

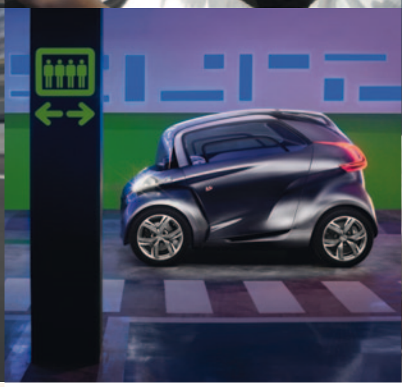

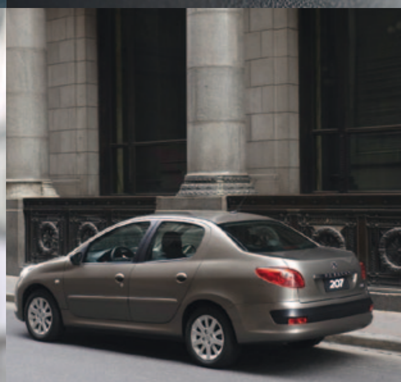
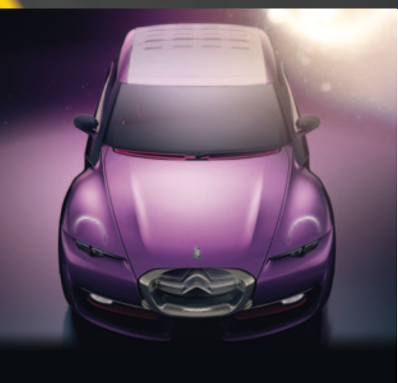

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Incorporated in France with issued capital of €234,049,142
Governed by a Managing Board and a Supervisory Board
Registered Office: 75, avenue de la Grande-Armée – 75116 Paris, France
R.C.S. Paris B 552 100 554 – Siret 552 100 554 00021
Phone: + 33 (0)1 40 66 55 11 – Fax: + 33 (0)1 40 66 54 14

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