

**Société Générale Effekten GmbH
Frankfurt am Main**

**Management Report
for the First Six Months of Fiscal Year 2011**

Strategic orientation

Société Générale Effekten GmbH issues warrants and certificates that are each sold entirely to the parent company Société Générale S.A., Paris, to Société Générale Option Europe S.A., Paris, and to Inora LIFE Limited, Dublin – all wholly owned subsidiaries of the Société Générale Group.

This activity has no influence on the issuer's economic situation, because some of the issues are placed with ultimate purchasers by Société Générale S.A., Paris.

Business development

The first six months of fiscal year 2011 were characterized by a year-on-year increase in issue volume.

In the first half of 2011, warrants were issued over a total of 4,530 issues (half-year 2010: 1,861).

In addition, 6,408 classes of certificates were issued (half-year 2010: 4,043).

Net assets, financial position and results of operations

Net assets

The expanded issue of warrants and certificates in half-year 2011 led to a significant increase in total assets, which increased by EUR 23,612 million compared to half-year 2010 to EUR 75,313 million.

The Company's subscribed capital remains unchanged at EUR 25,564.59. In addition, the Company has retained profits brought forward in the amount of EUR 488,883.46 at its disposal. The Company's equity increased by net income earned for the half-year in the amount of EUR 43 thousand (half-year 2010: EUR 30 thousand) to EUR 557 thousand (half-year 2010: EUR 451 thousand).

All receivables are owed by the sole shareholder. There was no risk of default outside the Société Générale Group.

Results of operations

The Company does not generate any profit from new issue activities, because the proceeds from the sale of issued warrants and certificates are always offset by the expenses for the acquisition of corresponding hedging transactions.

Personnel and other operating expenses are charged to Société Générale S.A., Paris, on the basis of a "cost-plus rule". By design, the Company cannot suffer a net loss for the year independent of sales.

Financial position

The nature and execution of the Company's business activities are oriented on ensuring that its financial position is always balanced. Cash transactions arise only with respect to personnel and other operating expenses as well as their being charged to Société Générale, Paris. Net income for the first six months of fiscal year 2011 amounted to EUR 43 thousand.

Risk report

The Company's risk situation is largely determined by the simplicity of its business structure and by its close affiliation with the Société Générale Group.

Counterparty risk

The Company is not exposed to settlement risk, since payments from the sale of issued securities always offset payments for hedges and payments related to the exercise of warrants. Receivables are owed exclusively by the parent company Société Générale S.A., Paris. The creditworthiness of Société Générale S.A., Paris, and its subsidiaries is the determining factor for assessing the Company's risk.

Market risk

In particular, all market risk from issued warrants and certificates is fully hedged by means of hedging transactions entered into with Société Générale S.A., Paris. Therefore, there is no price risk.

Liquidity risk

Due to the Company's affiliation with the Société Générale Group, there are no identifiable liquidity risks at the present time.

Operational risk

Société Générale S.A., Paris, has developed processes and systems to monitor and manage operational risks that are used by Société Générale Effekten GmbH. These include in particular "Permanent Supervision" as well as the Business Continuity Plan (BCP). There are no operational risks.

Internal control and risk management system with respect to the accounting process

With respect to the accounting process, the internal control system (ICS) and risk management system (RMS) include the basic principles, processes, and measures to ensure the effectiveness and efficiency of the accounting as well as to ensure compliance with the relevant legal provisions, and also the hedging of risks and the use of hedge accounting. It ensures that the assets and liabilities are recognized, presented, and measured appropriately in the financial statements.

Responsibilities in the accounting-related ICS and RMS

The responsibilities of management and the audit committee

Management manages the Company under its own responsibility and works together in trust with the Company's other executive bodies for the benefit of the Company. Its responsibilities include overall responsibility for the preparation of the annual financial statements.

Management assures according to the best of its knowledge that the annual financial statements represent a true and fair view of the Company's net assets, financial position and results of operations in accordance with the applicable accounting principles.

Management determines under its own responsibility the scope and orientation of the ICS and RMS, which are specifically designed for the Company, and undertakes measures to further develop the systems and to adjust them to changing conditions.

The value systems practiced in all the countries of Société Générale and therefore also by SG Effekten, such as the "Code of Conduct" and the "Compliance Rules", etc., form the basis for responsible behavior also for the employees entrusted with carrying out the accounting process. Despite all risk-mitigating measures established within the scope of the ICS and RMS, established systems and processes that are also adequate and functional cannot guarantee with absolute certainty that risks will be identified and managed. The accounting department is responsible for the accounting process and in particular for the process of preparing the annual financial statements. The accounting department is supported by the back office departments of Société Générale Paris, in particular with respect to the measurement of financial instruments and receivables.

The data processing systems necessary for the accounting process are provided by the parent company.

An audit committee comprising three salaried employees was established to support management with respect to the accounting process. The audit committee concentrates on the development of net assets, the financial position, and results of operations at least once every year – in particular for the annual financial statements. The shareholder is obligated to adopt the annual financial statements as part of the annual financial statement process. In order to fulfill these duties, the financial statement documents, including management's recommendation on the utilization of unappropriated net profits, are made available to the audit committee along with the auditors' report.

Organization and components of the accounting-related internal control and risk management system

Process and execution of the preparation of the financial statements of SG Effekten.

The primary process of recording and processing the transactions is largely standardized and carried out in the responsible divisions, including a review by a "second set of eyes" (separate submission and approval). The information recorded in the accounting for business operations in general and for facts and circumstances related to accounting in specific is accessed online over the intranet. Technical system maintenance with respect to the preparation of the financial statements is outsourced to the subsidiary responsible for IT in the SG Group.

The parent company is obligated to monitor this process. The technical consulting processes in the central advisory unit are regulated in the working instructions. The parent company is responsible for carrying out the security and filing of the application system databases, for which there are outsourcing contracts. The central data security systems for the mainframe computers as well as the storage networks for the Open Systems area form the primary basis for data security. The data is mirrored redundantly in Paris.

The necessary protection from unauthorized access and the maintenance of functional separation with respect to the use of the Company's application systems relevant to accounting are ensured in particular by the concept of workstation profiles as well as by processes to create the workstation profiles. The workstation profiles are set up and maintained in the individual divisions, whereby the divisions are also responsible for the approval of access rights and the separation of functions.

Documentation of the processes

As a subsidiary of Société Générale Paris, S.A., the documentation of the processes is specified. This is summarized in the "Accounting & Finance Manual". The main components of the documented processes are automatic controls which ensure the accuracy of data inputs.

Measures for continuous updating of the ICS and RMS

As part of the further development of the ICS and RMS, the Company intends to carry out additional projects and measures that contribute to strengthening the ICS and RMS. Moreover, additional relevant processes are successively adopted and assessed

and added to the standard process of the ICS and RMS based on the previously achieved process documentation basis.

Any changes in legal requirements and regulations with respect to the accounting are to be reviewed to determine whether and what consequences they have for the accounting process. The unit for basic accounting issues existing in the Finance area is responsible for the contents. For changes or new regulations that have a significant effect on the accounting process, a project is set up accordingly that takes into account all measures such as adjustments to electronic data processing, work processes, and rules for posting bookkeeping entries, among other things, for all departments.

Supplementary report

There were no significant events that could have a potential effect on net assets, the financial position, or the results of operations after the reporting date.

Forecast report/Outlook

Issuing activities for the second half of fiscal year 2011 depend on the current trend on the financial markets.

As in previous years, the Company intends to offer a wide range of products. However, we have to acknowledge that the investors are focusing increasingly on short-term products.

Net income in fiscal years 2011 and 2012 will be positive, considering the strict risk hedging policy with respect to certificates and warrants.

Frankfurt am Main, August 29, 2011

Management

Société Générale Effekten GmbH

Jean-Louis Jégou

Dr. Joachim Totzke

Günter Happ

SOCIÉTÉ GÉNÉRALE EFFEKTEN GMBH

FRANKFURT AM MAIN, GERMANY

INCOME STATEMENT

FOR THE PERIOD FROM JANUARY 1, 2011 TO JUNE 30, 2011

	January 1, 2011 to June 30, 2011 EUR	January 1, 2010 to June 30, 2010 EUR
1. Income from options	5,662,182,645.02	2,906,162,647.55
2. Expenses from options	5,662,182,645.02	2,906,162,647.55
3. Income from certificates	3,157,724,961.90	2,211,008,644.44
4. Expenses from certificates	3,157,724,961.90	2,211,008,644.44
5. Other operating income	1,670,583.21	1,231,780.93
6. Personnel expenses		
a) Wages and salaries	83,419.39	72,479.66
b) Social security contributions and other benefit costs thereof for old-age pensions EUR 8,947.44 (mid-year 2010: EUR 3,079.54)	22,850.01	15,364.10
7. Other operating expenses	1,493,709.67	1,088,360.54
8. Other interest and similar income	126.95	1.96
- thereof from affiliated companies: EUR 126.95 (mid-year 2010: EUR 1.96)		
9. Other interest and similar expenses	8,914.83	1,165.19
- thereof to affiliated companies: EUR 8,914.83 (mid-year 2010: EUR 1,165.19)		
10. Result from ordinary activities	61,816.26	54,413.40
11. Income taxes	19,278.64	24,343.14
- of which from deferred tax assets: EUR 1,853.36 (mid-year 2010: EUR 0.00)		
12. Net income for the mid- /year	<u>42,537.62</u>	<u>30,070.26</u>

Frankfurt, August 29th 2011

**Société Générale Effekten GmbH
Frankfurt am Main**

**Notes to the Annual Financial Statements
for Fiscal Year 2011**
Interim Financial Statements as of June 30, 2011

Notes to the annual financial statements for the period ended June 30, 2011, and other disclosures

The half-year financial statements of Société Générale Effekten GmbH for the period ended June 30, 2011, were prepared in accordance with the accounting regulations of the German Commercial Code (Handelsgesetzbuch, "HGB") and the supplementary provisions of the German Limited Liability Companies Act (Gesetz betreffend die Gesellschaften mit Beschränkter Haftung, "GmbHG") in compliance with German accepted accounting principles.

These interim financial statements were not audited or reviewed by an auditing firm.

1. General information regarding the half-year financial statements

The half-year financial statements as of June 30, 2011, were prepared in accordance with the provisions of the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz, "BilMoG").

2. Accounting policies

Receivables are recognized at nominal value plus accrued interest. Liabilities not covered by hedging transactions are recognized at the repayment amount.

Deferred taxes are calculated based on temporary differences between the financial and tax accounts in accordance with section 274 HGB. They were presented as deferred tax assets in the amount of EUR 2,946.60 in the balance sheet based on pension provisions. The tax rate used to calculate deferred taxes was 31.93%.

Provisions for pensions were measured at the settlement amount necessary according to prudent business judgment (section 253 (1) sentence 2 HGB) based on actuarial principles taking into account the mortality tables 2005 G. They are discounted based on an estimated remaining term of 15 years (section 253 (2) sentence 2 HGB). The projected unit credit method is applied as the actuarial method of measurement. An actuarial interest rate of 5.15% (previous year: 5.25%), a benefits dynamic of 2.79% (previous year: 2.84%), and a pension dynamic of 1.79% (previous year: 2.04%) were used as parameters for the provisions for pension commitments.

Liabilities are recognized at their settlement amount (section 253 (1) sentence 1 HGB).

Option premiums are recorded as other assets or other liabilities until they are exercised or expire. When they are exercised or expire, they are transferred to profit or loss.

Issued certificates are presented as liabilities under issued certificates until they are payable. The issued certificates are offset by hedging transactions that are presented under receivables from affiliated companies.

Hedge accounting was applied to liabilities under issued certificates and warrants as well as the hedging transactions presented under receivables and other assets and they were recognized under liabilities at cost or recognized under assets in the amount of the issuing proceeds. These represent perfect micro hedges that are not measured in accordance with section 254 HGB due to their qualification for the use of hedge accounting; i.e. the net hedge presentation method is applied, because the offsetting changes in value are not recognized (section 285 no. 19b and c HGB as well as section 285 no. 23a and b HGB). It was not necessary to recognize impairment allowances for receivables and other assets.

The warrants and certificates issued as of the balance sheet date were completely hedged against changes in market prices by means of hedging transactions with the shareholder.

In addition, the Company operates under a trust agreement with the sole shareholder, Société Générale Paris.

The certificates issued under trust transactions are covered by hedging transactions presented under trust assets. These transactions are recognized at cost.

3. Balance sheet disclosures

Receivables from affiliated companies amount to EUR 55,337,707 thousand (half-year 2010: EUR 37,592,391 thousand) owed by the shareholder.

Other assets mainly include the OTC options acquired by the shareholder to hedge the issued warrants.

Trust receivables consist of funds passed on to the shareholder from several certificates issued on behalf of the shareholder.

Other provisions result mainly from provisions for issuing costs as well as auditing and consulting expenses.

Trust liabilities include the issue of certificates issued in the Company's own name on behalf of third parties.

Issues denominated in foreign currencies are presented under the asset item "receivables from the investment of issuing proceeds" and under the liability item "liabilities under issued certificates" (respectively EUR 688,244 thousand from USD and EUR 1,061,061 thousand from GBP). These amounts were translated to euros at the official mean rate of exchange prevailing on June 30, 2011.

Maturities schedule of receivables and liabilities

in EUR (000) as of June 30, 2011	Total amount	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term more than 5 years
Receivables				
- from the investment of issuing proceeds	55,335,888	35,400,111	19,279,204	656,573
- other receivables	1,819	1,819		
- from trust	8,168,818	4,842,721	2,576,416	749,681
Other assets	11,806,462	4,076,098	6,602,110	1,128,254
Liabilities				
- from issued certificates	55,335,888	35,400,111	19,279,204	656,573
- from trade payables	27	27		
- to affiliated companies	696	696		
- other liabilities	11,806,465	4,076,101	6,602,110	1,128,254
- from trust	8,168,818	4,842,721	2,576,416	749,681

4. Income statement disclosures

The income statement was prepared using the total cost (nature of expense) method.

Other operating income relates mainly to costs assumed by the shareholder.

Other operating expenses comprise mainly issuing costs and legal and consulting expenses as well as costs associated with stock exchanges.

Taxes on income relate to the result from ordinary activities.

5. Disclosures regarding new issue activities

4,530 warrants and 6,408 certificates were issued in fiscal half-year 2011, whereby the issued certificates were listed in Germany, France, Luxembourg and Italy.

6. Disclosures regarding the fees recognized as expenses in the fiscal year

The fee recognized as audit expense for the first six months of fiscal year 2011 amounts to EUR 56 thousand.

7. Disclosures regarding board members and employees

The following individuals were appointed as managing directors in the first six months of fiscal year 2011:

Jean-Louis Jégou, trained banker, Frankfurt am Main
Dr. Joachim Totzke, general counsel, Frankfurt am Main
Günter Happ, trained banker, Flieden

The managing directors are salaried employees of Société Générale S.A., Frankfurt am Main branch office. Expenses totaling EUR 6 thousand were charged to Société Générale Effekten GmbH in the first six months of fiscal year 2011 as remuneration for the managing directors.

The Company had an average of 1.5 employees during the fiscal half-year.

As a capital market-oriented company, an audit committee was set up in accordance with section 264d HGB comprising the following members:

Francis Repka (Chairman)
Catherine Bittner
Achim Oswald

8. Group affiliation

The parent company of Société Générale Effekten GmbH, which prepares consolidated financial statements, is Société Générale S.A., Paris. The publication of the consolidated financial statements of Société Générale S.A., Paris, is announced in France in the "Bulletin des Annonces Légales Obligatoires (B.A.L.O.) in the section entitled "Publications Périodiques" (R.C.S: 552 120 222).

The consolidated financial statements are available on the web at www.socgen.com.

Frankfurt am Main, August 29, 2011

Management

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Cash Flow Statement

	June 30, 2011 EUR	Dec 31, 2010 EUR
1. Cash flow from operating activities		
Net income/net loss for the fiscal half-/ year before extraordinary item	42,537.62	93,784.65
Increase (decrease) in provisions	301,887.44	113,172.21
Increase in trade receivables as well as other assets not attributable to investment or financing activities	-5,552,257,912.91	-26,453,697,568.94
Increase in deferred tax assets	-1,853.36	-1,093.24
Increase in trade payables as well as other liabilities not attributable to investment or financing activities	5,551,915,341.21	26,453,307,724.23
Cash flow from continuing operations	0.00	-183,981.09
2. Closing balance of cash funds		
Change in cash funds	0.00	-183,981.09
Opening balance of cash funds	0.00	183,981.09
Closing balance of cash funds	<u>0.00</u>	<u>0.00</u>
3. Composition of cash funds		
Liquid assets	<u>0.00</u>	<u>0.00</u>

Other disclosures in accordance with paragraph 52 of German Accounting Standard (DRS) 2:

- a) The daily payable demand deposits at the shareholder are presented under cash funds.
- b) The definition of cash funds was not changed compared to the previous period.
- c) The carrying amount of cash funds corresponds to bank deposits.
- d) No significant non-cash investment or financing operations or transactions were entered into in the reporting period.
- e) The Company did not purchase or sell any companies in the reporting period.

Other disclosures in accordance with paragraph 53 of German Accounting Standard (DRS) 2:

The amount of cash funds presented is not attributable to companies proportionately included in the consolidated group and is not subject to any restrictions on disposal.

Statement of changes in equity

	Subscribed capital	Retained earnings	Equity
Balance as of Jan. 01, 2010	25,564.59	395,098.81	420,663.40
Distribution of dividends	-	-	-
Other changes	-	-	-
Net income for the year		93,784.65	93,784.65
Balance as of Dec. 31, 2010	25,564.59	488,883.46	514,448.05
Balance as of Jan. 01, 2011	25,564.59	488,883.46	514,448.05
Distribution of dividends	-	-	-
Other changes	-	-	-
Net income for the year		42,537.62	42,537.62
Balance as of June 30, 2011	25,564.59	531,421.08	556,985.67

To the best of our knowledge, the half-year financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company in compliance with German accepted accounting principles, and the interim management report presents a true and fair view of the development of the business, including the operating results and position of Société Générale Effekten GmbH, as well as the significant opportunities and risks associated with the expected development of the Company.

Frankfurt am Main, August 29, 2011

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