WENDEL

2012 CONSOLIDATED
FINANCIAL STATEMENTS

2012 CONSOLIDATED FINANCIAL STATEMENTS

1 Balance sheet - Consolidated financial position

Assets

In millions of euros	Note	12/31/2012	12/31/2011
Goodwill, net	6	2,889.1	2,787.8
Intangible assets, net	7	1,459.3	1,489.4
Property, plant & equipment, net	8	1,556.0	1,434.9
Non-current financial assets	13	114.6	134.8
Pledged cash and cash equivalents	12	3.4	146.6
Equity-method investments	9	4,434.1	4,994.1
Deferred taxes	19	189.5	155.5
TOTAL NON-CURRENT ASSETS		**10,646.0**	**11,143.2**
Assets of operations held for sale	20	**10.6**	**905.2**
Inventories	10	366.7	354.1
Trade receivables	11	1,412.8	1,348.6
Other current assets		205.0	197.0
Current income tax assets	19	87.4	46.9
Other current financial assets	13	455.5	394.8
Cash and cash equivalents	12	845.9	796.7
TOTAL CURRENT ASSETS		**3,373.4**	**3,138.0**
TOTAL ASSETS		**14,030.0**	**15,186.4**

Liabilities and shareholders' equity

In millions of euros	Note	12/31/2012	12/31/2011
Share capital		198.2	202.2
Share premiums		184.4	252.5
Retained earnings & other reserves		2,070.7	1,713.8
Net income for the year - Group share		221.1	525.4
		2,674.4	2,693.9
Non-controlling interests		617.9	604.0
TOTAL SHAREHOLDERS' EQUITY	14	**3,292.3**	**3,298.0**
Long-term provisions	15	302.8	273.9
Financial debt (non-current portion)	16	7,483.1	7,937.3
Other non-current financial liabilities	13	129.2	130.6
Deferred tax liabilities	19	590.0	596.4
TOTAL NON-CURRENT LIABILITIES		**8,505.1**	**8,938.3**
Liabilities of operations held for sale	20	**1.0**	**643.8**
Short-term provisions	15	7.0	8.2
Financial debt (current portion)	16	551.3	595.6
Other current financial liabilities	13	226.3	273.7
Trade payables	17	579.3	599.8
Other current payables	18	782.4	738.3
Current income tax liabilities	19	85.4	90.8
TOTAL CURRENT LIABILITIES		**2,231.6**	**2,306.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**14,030.0**	**15,186.4**

2 Consolidated income statement

In millions of euros	Note	2012	2011
Net sales	21	6,702.0	5,953.1
Other income from operations		6.3	4.6
Operating expenses	22	-5,973.3	-5,301.7
INCOME FROM ORDINARY ACTIVITIES	23	**735.0**	**656.1**
Other operating income and expenses	24	-175.5	-101.9
OPERATING INCOME		**559.5**	**554.1**
Income from cash and cash equivalents		13.1	13.1
Finance costs, gross		-482.4	-486.6
Finance costs, net	25	*-469.3*	*-473.5*
Other financial income and expense	26	13.3	-155.4
Tax expense	27	-144.3	-138.2
Net income (loss) from equity-method investments	28	-329.7	831.1
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**-370.4**	**618.1**
Net income from discontinued operations and operations held for sale	29	707.5	29.4
NET INCOME		**337.1**	**647.5**
Net income – non-controlling interests		115.9	122.1
NET INCOME – GROUP SHARE		**221.1**	**525.4**

In euros	Note	2012	2011
Basic earnings per share (in euros)	30	4.58	10.78
Diluted earnings per share (in euros)	30	4.36	10.49
Basic earnings per share from continuing operations (in euros)	30	-10.06	10.15
Diluted earnings per share from continuing operations (in euros)	30	-10.10	9.87
Basic earnings per share from discontinued operations (in euros)	30	14.65	0.63
Diluted earnings per share from discontinued operations (in euros)	30	14.46	0.62

Wendel sold the Deutsch group on April 3, 2012. Consequently, the income and expenses of Deutsch have been regrouped under “Net income from discontinued operations and operations held for sale” for 2012 and 2011, in accordance with IFRS 5.

3 Statement of comprehensive income

In millions of euros	2012 Gross amounts	2012 Tax effect	2012 Net amounts	2011 Gross amounts	2011 Tax effect	2011 Net amounts
Items recyclable into net income						
Translation reserves (1)	-46.5	-	-46.5	1.8	-	1.8
Gains and losses on qualified hedges	-9.4	0.8	-8.6	28.1	-6.0	22.0
Gains and losses on assets available for sale	-1.3	-	-1.3	0.8	-	0.8
Earnings previously recognized in shareholders' equity taken to the income statement	13.6	-	13.6	14.9	-	14.9
Items non-recyclable into net income						
Actuarial gains and losses (2)	-198.9	64.1	-134.8	-118.6	40.8	-77.8
Other	-4.1	-	-4.1	-0.5	-	-0.5
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (A)	**-246.6**	**64.9**	**-181.7**	**-73.6**	**34.8**	**-38.8**
Net income for the year (B)			337.1			647.5
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)			**155.4**			**608.7**
Attributable to:						
• shareholders of Wendel			66.8			483.0
• non-controlling interests			88.6			125.7

(1) Includes -€22.0 million related to Bureau Veritas (+€7.7 million in 2011), -€11.3 million related to Materis (-€1.2 million in 2011) and -€8.0 million related to Saint-Gobain (-€15.9 million in 2011).
(2) The main impact is -€157.0 million due to Saint-Gobain (before taxes, Wendel's share), vs. -€120.0 million in 2011.

4 Changes in shareholders' equity

In millions of euros	Number of shares outstanding	Capital	Share premiums	Treasury shares	Retained earnings & other reserves	Translation adjustments	Group share	Non-controlling interests	Total shareholders' equity
BALANCE AS OF 12/31/2010	**49,423,392**	**202.0**	**249.8**	**-50.6**	**1,934.3**	**48.2**	**2,383.7**	**508.7**	**2,892.5**
Income and expenses recognized directly in shareholders' equity (A)					-38.2	-4.2	-42.5	3.7	-38.8
Net income for the year (B)					525.4	-	525.4	122.1	647.5
TOTAL INCOME AND EXPENSES RECOGNIZED DURING THE PERIOD (A)+(B) [(2)]					**487.2**	**-4.2**	**483.0**	**125.7**	**608.7**
Dividends paid [(1)]					-61.2		-61.2	-66.3	-127.5
Treasury shares	-1,035,768			-79.6			-79.6		-79.6
Capital increase									
• exercise of stock options	30,941	0.1	1.3				1.4		1.4
• company savings plan	28,255	0.1	1.4				1.5		1.5
Share-based payment (including equity-method investments)					25.6		25.6	6.4	32.1
Changes in scope of consolidation					-1.1	-	-1.1	5.8	4.7
Other [(3)]					-92.7	33.3	-59.5	23.7	-35.8
BALANCE AT 12/31/2011	**48,446,820**	**202.2**	**252.5**	**-130.2**	**2,292.1**	**77.2**	**2,693.9**	**604.0**	**3,298.0**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	-122.2	-32.1	-154.4	-27.3	-181.7
Net income for the year (B)					221.1	-	221.1	115.9	337.1
TOTAL INCOME AND EXPENSES RECOGNIZED DURING THE PERIOD (A)+(B) [(2)]		**-**	**-**	**-**	**98.9**	**-32.1**	**66.8**	**88.6**	**155.4**
Dividends paid [(1)]					-87.1		-87.1	-73.8	-160.9
Treasury shares	376,657			-60.4			-60.4		-60.4
Cancellation of treasury shares	-1,079,013	-4.3	-70.3	74.7			-		-
Capital increase							-		-
• exercise of stock options	26,262	0.1	0.9				1.0		1.0
• company savings plan	35,417	0.1	1.4				1.5		1.5
Share-based payment (including equity-method investments)					19.3		19.3	8.3	27.6
Changes in scope of consolidation					0.1	0.8	0.9	14.3	15.2
Other					38.5		38.5	-23.5	15.0
BALANCE AT 12/31/2012	**47,806,143**	**198.2**	**184.4**	**-116.0**	**2,361.9**	**45.9**	**2,674.4**	**617.9**	**3,292.3**

(1) In 2012, Wendel paid a cash dividend of €1.30 per share, plus one Legrand share for every 50 Wendel shares held and a cash payment in lieu of fractional shares, if any, for a total dividend of €87.1 million (see the Legrand section in note 2 – Changes in scope of consolidation). The net dividend paid in 2011 was €1.25 per share.

(2) See "Statement of comprehensive income".

(3) In 2011 Bureau Veritas reclassified an amount corresponding to exchange differences on a net investment in a foreign operation from consolidated reserves, where it was previously recognized, to translation reserves, via the statement of comprehensive income.

5 Consolidated cash flow statement

In millions of euros	Note	2012	2011
Cash flows from operating activities			
Net income		337.1	647.5
Share of net income/loss from equity-method investments		329.7	-831.1
Net income from discontinued operations and operations held for sale		-707.5	-29.4
Depreciation, amortization, provisions and other non-cash items		480.4	364.2
Non-cash income and expense related to stock options and similar items		22.4	21.3
Expenses on investments and divestments		3.4	2.5
Gains/losses on divestments		40.1	-2.3
Financial income and expense		456.0	628.9
Taxes (current & deferred)		144.3	138.2
Cash flow from consolidated companies before tax		1,105.8	939.8
Change in working capital requirement related to operating activities		-48.7	-67.5
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX		**1,057.1**	**872.3**
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	31	-472.5	-389.8
Disposal of property, plant & equipment and intangible assets	32	86.6	68.7
Acquisition of equity investments	33	-320.7	-421.9
Disposal of equity investments	34	963.7	1,101.8
Impact of changes in scope of consolidation and of operations held for sale	35	18.7	-35.4
Changes in other financial assets and liabilities and other	36	-91.1	282.5
Dividends received from equity-method investments and unconsolidated companies	37	129.5	131.8
Change in working capital requirements related to investment activities		28.7	24.6
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX		**342.9**	**762.4**
Cash flows from financing activities, excluding tax			
Proceeds from issuance of shares		2.5	3.0
Contribution of non-controlling shareholders		13.2	29.5
Share buybacks			
• Wendel		-60.4	-79.6
• Subsidiaries		-66.1	-1.0
Dividends paid by Wendel (1)		-63.3	-61.2
Dividends paid to non-controlling shareholders of subsidiaries		-73.8	-66.8
New borrowings	38	1,835.7	1,789.2
Repayment of borrowings	38	-2,455.6	-3,417.5
Finance costs, net		-437.6	-445.5
Other financial income/expense		-26.1	-17.3
Change in working capital requirements related to financing activities		90.0	53.1
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX		**-1,241.5**	**-2,214.1**
Cash flows related to taxes			
Current tax expense		-211.8	-183.9
Change in tax assets and liabilities (excl. deferred taxes)		-32.8	-12.1
NET CASH FLOWS RELATED TO TAXES		**-244.7**	**-196.1**
Effect of currency fluctuations		-7.7	2.9
Net change in cash and cash equivalents		-93.9	-772.6
Cash and cash equivalents at the beginning of the year	6	943.3	1,715.9
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	**849.3**	**943.3**

(1) The cash dividend paid by Wendel in 2012 was accompanied by a dividend composed of Legrand shares (see "Changes in shareholders' equity"). Only the cash dividend of €62.9 million and the cash payment in lieu of fractional shares of €0.4 million are presented in the cash flow statement.

The principal components of the consolidated cash flow statement are detailed beginning with note 31.

Details on the cash and cash equivalents accounts and how they are classified on the consolidated balance sheet are provided in note 12. As of December 31, 2012, cash and cash equivalents were composed of €3.4 million in pledged cash recognized under non-current assets, and €845.9 million in available cash recognized under current assets.

2012 and 2011 cash flows do not include those of Deutsch, which was sold on April 3, 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DETAILED CONTENTS

6 General principles

Wendel is a *société anonyme* (public limited company) with an Executive Board and a Supervisory Board. It is governed by French law and has the Paris commercial registry number 572 174 035. Its head office is located at 89, rue Taitbout, Paris, France.

Its business consists in investing for the long term in industrial and service companies, in order to accelerate their growth and development.

The consolidated financial statements of the Wendel group cover the 12-month fiscal year from January 1 to December 31, 2012 and are expressed in millions of euros. They include:

- the balance sheet (statement of financial position);
- the income statement and the statement of comprehensive income;
- the statement of changes in shareholders' equity;
- the cash flow statement;
- the notes to the financial statements.

These financial statements were finalized by Wendel's Executive Board on March 19, 2013 and will be submitted for shareholders' approval at their Annual Meeting.

7 Notes

NOTE 1 Accounting principles

Wendel's consolidated financial statements for the fiscal year ended December 31, 2012 have been drawn up in accordance with IFRS principles and methods as adopted by the European Union on December 31, 2012, in accordance with Regulation no. 1606/2002 of the European Council and the European Parliament pertaining to the application of accounting standards, adopted on July 19, 2002.

With the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2012, these accounting principles are the same as those used in preparing the consolidated financial statements for the fiscal year ended December 31, 2011. They correspond to the International Financial Reporting Standards as adopted by the European Union, which are available on the European Commission's website: "http://ec.europa.eu/internal_market/accounting/ias/index_en.htm".

Note 1-1 Standards, interpretations and amendments to existing standards that were mandatory in 2012

The following standards and interpretations became applicable to the Wendel group on January 1, 2012:

- amendments to IFRS 7 "Financial instruments: Disclosures" related to transfers of financial assets. The amendments published on October 7, 2010 by the IASB and adopted by the European Commission on November 22, 2011 are applicable to annual periods beginning on or after July 1, 2011, i.e. fiscal year 2012 for the Wendel group.

Application of this standard did not have a significant impact on the financial statements.

Note 1-2 Standards, interpretations and amendments to existing standards for which early adoption was applied in 2012

Wendel opted for early adoption of the following text:

- amendment to IAS 1 "Presentation of financial statements" related to the presentation of items of Other Comprehensive Income (OCI). The amendments published on June 16, 2011 and adopted by the European Commission on June 5, 2012 are applicable to fiscal years beginning on or after July 1, 2012. Early adopted is permitted.

Note 1-3 Standards, interpretations and amendments to existing standards for which early adoption was not applied in 2012

Wendel is currently assessing the potential impact of the application of these texts on its financial statements. In general, the Group has not opted for early adoption of standards and interpretations applicable from years beginning after December 31, 2012, whether or not they have been adopted by the European Commission. In particular, the Group has not applied the following texts to fiscal year 2012:

- IFRS 10 “Consolidated financial statements”, published by the IASB on May 12, 2011 and adopted by the European Commission on December 11, 2012. The standard redefines the notion of control on the basis of three criteria: power, exposure to principal returns and the relationship between power and these returns. The scope of subsidiaries to be fully consolidated will henceforth be defined on the basis of this standard. Application of this standard will be mandatory for fiscal years beginning on or after January 1, 2014;
- IFRS 11 “Joint arrangements”, published by the IASB on May 12, 2011 and adopted by the European Commission on December 11, 2012. This standard replaces IAS 31 regarding the accounting for investments in joint ventures. Application of this standard will be mandatory for fiscal years beginning on or after January 1, 2014;
- IFRS 12 “Disclosure of interests in other entities”, published by the IASB on May 12, 2011 and adopted by the European Commission on December 11, 2012. This standard defines the information to be disclosed about investments in subsidiaries, joint ventures and associated companies. Application of this standard will be mandatory for fiscal years beginning on or after January 1, 2014;
- IAS 19 “Employee benefits”, amended in June 2011 by the IASB and adopted by the European Commission in 2012. In the event a pension plan is amended, the past service costs are to be fully recognized in the income statement whether the rights have been fully vested or not. The amended standard changes the way the expected yield on plan assets is determined and requires that certain additional information on defined-benefit plans be disclosed in the notes. Application will be mandatory for fiscal years beginning on or after January 1, 2013;
- IAS 28 “Investments in associates and joint ventures”, published by the IASB in May 2011 and adopted by the European Commission on December 11, 2012. Application of this standard will be mandatory for fiscal years beginning on or after January 1, 2014;
- amendments to IAS 32 and IFRS 7 “Offsetting of financial assets and liabilities”, published by the IASB in December 2011 and adopted by the European Commission on December 13, 2012. The amendments to IAS 32 are required to be applied for fiscal years beginning on or after January 1, 2014. Application of the amendments to IFRS 7 will be mandatory for fiscal years beginning on or after January 1, 2013;
- amendment to IAS 12 “Deferred tax: recovery of underlying assets”, published by the IASB in December 2010 and adopted by the European Commission on December 11, 2012. Application of this standard will be mandatory for fiscal years beginning on or after January 1, 2013;
- IFRS 13 “Fair value measurement”, adopted by the European Commission on December 11, 2012. This standard defines the notion of fair value and sets out the items to be disclosed in the notes to the financial statements. Application of this standard will be mandatory for fiscal years beginning on or after January 1, 2013.

Note 1-4 Consolidation methods

The companies over which Wendel has exclusive control are fully consolidated. Companies in which Wendel has significant influence have been accounted for using the equity method. Net income of acquired subsidiaries is consolidated from their acquisition date, while net income of divested subsidiaries is consolidated up to their divestment date.

Note 1-5 Financial statements used as the basis for consolidation

Wendel’s consolidated financial statements have been prepared on the basis of:

- the consolidated financial statements of Bureau Veritas, Materis (Materis Parent), Stahl, Legrand, Saint-Gobain, Mecatherm and Parcours for the 12-month fiscal year ended on December 31, 2012 (the last two companies are included in the Oranje-Nassau Développement subgroup);
- the consolidated financial statements of exceet (included in the Oranje-Nassau Développement subgroup) for the three-month period from September 30 to December 31, 2011 and for the 12-month period from January 1, 2012 to December 31, 2012. As exceet’s 2011 annual financial statements were not yet available when Wendel’s 2011 financial statements were finalized, exceet’s contribution to Wendel’s income from equity-method investments was cut off as of September 30, 2011;
- the consolidated financial statements of Deutsch (Deutsch group) for the three-month period from January 1 to March 31, 2012, i.e. the last closing date prior to the company’s sale on April 3, 2012;
- for all other companies, their individual accounts for the 12-month fiscal year ended December 31, 2012.

Financial information relating to these subsidiaries and associates has been prepared in accordance with IFRS recognition and measurement rules.

Significant changes in the Group’s scope of consolidation for fiscal year 2012 are presented in note 2 “Changes in scope of consolidation”. The main subsidiaries consolidated as of December 31, 2012 are presented in note 43 “List of principal consolidated companies”.

Note 1-6 Business combinations

IFRS 3 "Business combinations" and IAS 27 "Consolidated and separate financial statements", revised, applicable since January 1, 2010, affect the accounting for transactions that lead to the assumption of control, or partial sales that lead to a loss of control. Specifically:

- ancillary transaction costs are recognized in operating income for the period; price adjustments are initially recognized at their fair value, and future fluctuations in their value are recognized in operating income;
- when control is obtained (or lost) the percentage previously held (or remaining) is revalued at fair value and recognized in profit or loss;
- when control is obtained, non-controlling interests are recognized either in proportion to their share in the fair value of the assets and liabilities of the acquired entity, or at their fair value. A proportion of goodwill is also allocated to non-controlling interests at that time. This choice is made on a case-by-case basis for each acquisition;
- purchases and sales of shares in controlled companies that do not lead to the assumption or loss of control are recognized as transfers between the Group share of consolidated shareholders' equity and the share held by non-controlling interests. There is no impact on profit or loss;
- non-controlling interests can now become negative because the net income or loss of a subsidiary is now allocated between the Group share and the non-controlling interests' share, according to their respective equity interests.

Note 1-7 Commitment to buy non-controlling interests in consolidated subsidiaries

When the Group has made firm or conditional commitments to non-controlling shareholders in consolidated subsidiaries to buy their stakes, a financial liability is recognized in an amount corresponding to the present value of the purchase price.

As of December 31, 2012, in the absence of any specific IFRS guidance, this financial liability was offset:

- firstly, by eliminating the carrying amount of the corresponding non-controlling interests;
- secondly, by reducing the Group share of shareholders' equity as follows: the difference between the estimated value of the purchase commitment and the carrying amount of non-controlling interests is deducted from the Group share of retained earnings and other reserves. This heading is adjusted at the end of each accounting period to reflect the estimated value of the purchase commitment and the carrying amount of non-controlling interests. This has no impact on the consolidated income statement, barring subsequent changes to standards and interpretations.

Note 1-8 Intercompany asset sales and transfers

Gains and losses on the sale or transfer of assets between consolidated companies have been eliminated from income and the assets have been maintained at their initial value, except in the event of losses deemed permanent, for which an impairment charge is recognized on the income statement.

Note 1-9 Conversion of the financial statements of foreign companies

Wendel presents its financial statements in euros.

The balance sheets of foreign companies whose functional currency is not the euro have been converted into euros at the exchange rate prevailing at the closing date, and their income statements converted at the average exchange rate for the fiscal year or consolidation period. The discrepancy between the opening and closing balance sheets, as well as that resulting from the application of these exchange rates have been allocated to retained earnings and other reserves under "translation adjustments". Translation adjustments related to subsidiaries are recognized on the income statement when those subsidiaries are divested.

Note 1-10 Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amounts reported in such financial statements. These estimates and judgments are based on Wendel's and its subsidiaries' appreciation of the facts and circumstances existing at the balance sheet date, as well as on information available on the date the accounts were finalized. They are based on Group management's past experience and various other factors deemed reasonable, such as market data or the work of an independent appraiser, and are reviewed on a regular basis. The uncertain global economic picture has complicated forecasting, and actual amounts could therefore be different from the forecasts.

In preparing these financial statements, the principal items involving estimates and judgments were goodwill, impairment tests on goodwill and equity-method investments, provisions, deferred taxes, derivatives and treatment of co-investments.

Note 1-11 Measurement rules

Note 1-11.1 Goodwill

Goodwill represents the difference between the cost of acquiring a company and the Group's share of the fair value of its net assets, liabilities and identifiable contingent liabilities on the date of acquisition. The identifiable assets and liabilities of the acquired company that meet the IFRS recognition criteria are recognized at their fair value at the date of the acquisition. Adjustments in the fair values of assets and liabilities acquired as part of business combinations and initially recognized on the basis of temporary values (because of ongoing appraisals or outstanding additional analyses) are recognized as retroactive goodwill adjustments if they occur within 12 months after the acquisition date. Thereafter, such adjustments are recognized directly on the income statement unless they are made in correction of errors. The revised version of IFRS 3 "Business combinations" provides that goodwill may be applied to non-controlling interests, if the Group so chooses. Goodwill is presented, where applicable, net of any cumulative recognized loss in value.

Goodwill is not amortized, but is tested for impairment as soon as there is any indication that its value may be impaired, and at least once per year, on December 31. Indications of a loss in value may include, for instance, a significant or prolonged decline in the share price of a listed company, a difference in net income compared with budget, or a deterioration in the economic sector in which a company operates. For the purposes of impairment testing, goodwill is allocated to Cash Generating Units (CGU). Each of the Group's operating entities (Bureau Veritas, Materis, Stahl, Parcours and Mecatherm) represents a CGU. Goodwill impairment losses are recognized on the income statement under "Other operating income and expenses" and cannot be reversed.

Whenever an operating subsidiary identifies an impairment loss on goodwill within its scope of consolidation, this loss is maintained at the level of Wendel's consolidated accounts, even if Wendel's analysis of the subsidiary's goodwill does not show any impairment. This stance has been taken to allow Wendel to recognize unrealized losses as soon as they appear, as they would inevitably be recognized anyway if the subsidiary were to sell the CGU showing such losses.

Goodwill pertaining to equity-method investments is included in the carrying value of these companies and therefore not presented separately (IAS 28 "Investments in associates and joint ventures", s.23). It is therefore not subject to a separate impairment test, as the value of equity-method investments is subject to a separate test, goodwill included. Hence, as regards equity-method shareholdings, in the event of an improvement in their value justifying an impairment writeback, the portion of the impairment pertaining to goodwill is also written back. Impairment losses and the gain or loss on divestments and dilutions are recognized in the income statement under "Net income from equity-method investments".

Impairment tests on goodwill and equity-method investments are described in notes 6 "Goodwill" and 9 "Equity-method investments".

Note 1-11.2 Intangible assets

1. Brands of the Bureau Veritas, Materis and Mecatherm groups

These brands have been valued using the relief-from-royalty approach, which consists in discounting to perpetuity royalty cash flows determined at a theoretical rate based on net sales generated by the brands. The brands are considered as having an indefinite useful life as there is no foreseeable time limit on their potential to generate cash flow. They are therefore not amortized but are tested for impairment on an annual basis.

The brands of the Bureau Veritas group's subsidiaries have been amortized over a period of 5-15 years. Only those brands identified at the Wendel group level when Wendel acquired control of Bureau Veritas are considered to have an indefinite life.

2. Contracts and customer relationships of the Bureau Veritas, Materis and Parcours groups

The value of these assets corresponds to the margin expected to be generated over the residual lives of contracts in force at the date Wendel assumed control, taking into account contract renewals where such renewals are considered probable based on historical statistical data. These contracts and client relationships are therefore amortized over the period used for the calculation of each contract category (up to 30 years, depending on the contract and subsidiary).

Note 1-11.3 Other intangible assets

The cost of developing software intended for internal use and other development costs have been capitalized when it is likely that these expenditures will generate future economic benefits. These costs are then amortized over the asset's estimated useful life.

Note 1-11.4 Property, plant & equipment

Property, plant & equipment are recognized at their historical cost, determined at the time of acquisition of these assets or at fair value in the event of a business combination. Historical cost includes all costs directly attributable to the acquisition or construction of the assets concerned, in particular borrowing costs that are directly attributable to the acquisition or production of the property, plant & equipment during the accounting period prior to being brought into service.

Property, plant & equipment other than land and investment properties are depreciated on a straight-line basis over a period corresponding to their probable useful life. The depreciation basis for property, plant & equipment is its historical cost less the residual value, i.e. the value expected at the end of the asset's useful life, after allowing for any divestment costs.

The following useful lives are applied:

Buildings	10 to 40 years
Plant	3 to 10 years
Vehicles rented out (Parcours)	Depends on the term of the lease contract
Equipment and tooling	3 to 10 years

Assets that the Wendel group has acquired under long-term or other leases where the risks and rewards of ownership have been substantially transferred to the Group are accounted for as finance leases and are depreciated on a straight-line basis over their estimated useful life, as described above.

Note 1-11.5 Impairment of property, plant & equipment and intangible assets

In accordance with IAS 36 "Impairment of assets", the value in use of property, plant & equipment and intangible assets is tested when there is an indication of impairment. These tests are performed either when there is an indication of a loss of value or once a year for assets having indefinite useful lives, which in Wendel's case is limited to goodwill and brands. Impairment losses are recognized on the income statement under "Other operating income and expenses".

Note 1-11.6 Financial assets and liabilities

Financial assets include investments in unconsolidated companies, operating receivables, debt securities, marketable securities, derivatives and cash. Financial liabilities include borrowings, other funding sources and bank overdrafts, derivatives and operating liabilities. Financial assets and liabilities are recognized and measured in accordance with IAS 39 "Financial instruments: recognition and measurement".

1. Financial assets at fair value through profit or loss

These assets include short-term financial investments without the characteristics of cash equivalents. These assets are measured at market value at the balance sheet date, and gains and losses arising from changes in value are recognized through the income statement.

2. Assets held until maturity and loans and receivables

These instruments are stated at amortized cost using the effective interest method. Their carrying amount represents outstanding principal, adjusted for any non-amortized acquisition costs, premiums or discounts. They are tested for recoverable value whenever there is an indication that their recoverable amount might be lower than their carrying value. Any impairment loss is recognized on the income statement.

3. Financial liabilities

With the exception of derivative instruments, all borrowings and other financial liabilities are stated at amortized cost using the effective interest method.

4. Derivatives

Derivatives are measured at fair value. Gains and losses arising from changes in the fair value of derivatives are recognized in the income statement, apart from certain exceptions set out below.

Derivatives can be designated as hedges of fair value, future cash flow or net investment value:

- fair value hedges are used to offset changes in the fair value of a recognized asset or liability due to shifts in exchange rates, interest rates or other benchmarks;
- cash flow hedges are used to hedge changes in future cash flows from a present or future asset or liability. Wendel and its subsidiaries use cash flow hedges to offset shifts in foreign exchange rates, interest rates and commodity prices;
- hedges of a net investment in a foreign business can be designated as hedging instruments, as long as they meet the IAS 39 criteria. These hedges help offset fluctuations in value due to conversion into the reporting currency used by the parent company in its consolidated financial statements. Financial debt denominated in the operating currency of the hedged investment can be designated as an investment hedge when the hedge has been recognized as such for accounting purposes.

A hedging relationship qualifies for hedge accounting if:

- the hedging relationship is clearly defined and documented at the outset;
- the effectiveness of the hedging relationship can be demonstrated from the outset and throughout its term.

The use of hedge accounting has the following consequences:

- for hedges used to offset changes in the fair value of a recognized asset or liability, the hedged item is measured at fair value in the balance sheet. Changes in the fair value of the hedged item are recognized on the income statement and are offset by symmetrical changes in the fair value of the hedging instrument to the extent that the hedge is effective;
- the effective portion of changes in the fair value of derivatives that are designated as, and qualify for, cash flow hedges is recognized directly in shareholders' equity. The gain or loss from the ineffective portion is recognized on the income statement. Amounts accumulated in shareholders' equity are passed through the income statement in the same periods as the corresponding hedged items, or are written back against the acquisition cost of the assets in which the financial risk related to the acquisition price was hedged;
- for net investment hedges, the portion of a gain or loss that is considered effective in the hedge of a net investment in a foreign business is recognized directly in shareholders' equity. The ineffective portion is immediately recognized on the income statement. Cumulative gains and losses in shareholders' equity are recognized on the income statement when the foreign business is sold.

Derivatives are measured using Wendel's mathematical models, as well as by independent appraisers and/or the Group's counterparties.

Note 1-11.7 Methods for measuring the fair value of financial instruments

In accordance with the amendment to IFRS 7 "Financial instruments: Disclosures" (March 2009), the tables in note 13 present the Group's assets and liabilities that are measured at fair value, based on their method of measurement. These methods are defined as follows:

- level 1: unadjusted, listed prices of identical instruments on an active market;
- level 2: observable data other than the listed prices referred to in Level 1, either directly (such as a price), or indirectly (calculated from another price);
- level 3: fair values that are not determined on the basis of observable market data.

During fiscal year 2012, there were no transfers between levels 1 and 2, and no transfers to or from level 3 of fair value measurements of financial instruments.

Changes in level 3 financial instruments were not significant and are not presented.

Note 1-11.8 Inventories

Inventories have been stated at the lower of cost or net realizable value. Production cost includes the costs of raw materials, direct labor and any operating costs that can reasonably be associated with production.

Note 1-11.9 Cash and cash equivalents (pledged and unpledged)

Cash is comprised of cash at banks.

In accordance with IAS 7 "Statement of cash flows", cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of a change in value. Cash equivalents include euro-denominated, money-market mutual funds and deposit accounts with initial maturities less than or equal to three months. They are measured at their fair value at the balance sheet date.

Pledged cash and cash equivalents are presented as non-current assets, as they are not immediately available.

Note 1-11.10 Provisions

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is recognized when the Group has an obligation with respect to a third party as a result of a past event for which it is probable or certain that there will be an outflow of resources to that third party, without at least an equivalent inflow from that third party. Provisions for restructuring costs are recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed, formal plan.

Provisions are discounted on the basis of the estimated duration of the obligation. The impact of this discounting is recalculated at each balance sheet date, and the related adjustment is recognized on the income statement under "Other financial income and expense".

Note 1-11.11 Provisions for employee benefits

Defined-contribution plans: contributions are recognized as operating expenses.

Defined-benefit plans: the present value of statutory retirement bonuses and supplementary pension benefits payable to active and retired employees is calculated using the projected unit credit method. Rights are determined at each balance sheet date, taking into account age, length of service and the likelihood that employees will remain at the Company until they retire. The calculation is based on an actuarial method using assumptions related to the yield on long-term investments. The funding provision corresponds to the difference between the total obligation as set out above and any assets invested with insurance companies to cover these obligations.

Actuarial gains and losses are recognized in shareholders' equity as soon as they appear (IAS 19 "Employee benefits", s. 93A).

Note 1-11.12 Deferred taxes

In accordance with IAS 12 "Income taxes", deferred taxes are recognized for timing differences between the carrying amounts of assets and liabilities and their tax base.

Tax-loss carryforwards are recognized as deferred tax assets when it is likely that they can be offset against tax on earnings in the next few fiscal years or when they can be offset by deferred tax liabilities of an equal or higher amount. In application of this principle, no tax-loss carryforwards of the Wendel tax group were recognized as assets on the balance sheet.

Regarding subsidiaries and equity-method investments, a deferred tax liability is recognized for all timing differences between the carrying amount of the related shares and their tax base, unless:

- the Group is able to control the date of the reversal of the timing difference; and
- it is probable that the timing difference will not reverse itself in the foreseeable future.

Deferred taxes are calculated by the variable carryforward method, based on the tax rates in effect at the balance sheet date. For French companies, this is 34.43% for income subject to standard assessment, plus a 5% exceptional contribution that was extended by two years under the 2013 Finance Act, and will therefore be applicable for fiscal years ending no later than December 30, 2015.

Note 1-11.13 Treasury shares

All treasury shares held by the Group are stated at their acquisition cost as a deduction from shareholders' equity. Proceeds from any sales of treasury shares are credited directly to shareholders' equity. Divestment gains or losses therefore have no impact on income for the fiscal year.

Note 1-11.14 Assets held for sale and businesses being divested

An asset or group of assets is classified as held for sale if its carrying amount will be recovered mainly through a sale transaction rather than through continued use, and when its sale is highly probable. Depreciation on these assets ceases when the asset has been classified as held for sale, and a provision is recognized if the asset's residual carrying amount exceeds its likely realizable value, reduced for selling costs.

A business is considered as being divested when it meets the criteria of assets held for sale. Assets and liabilities of these businesses are presented on a separate line in the balance sheet of the current fiscal year, and the net income or loss they generate is presented on a separate line in the income statement (including fiscal years presented for comparison). Net income or loss from discontinued operations includes, where applicable, any divestment gains or losses or any impairment losses recognized for the business.

Note 1-11.15 Revenue recognition

Revenue from the sale of goods is recognized under net sales when the risks and rewards of ownership are substantially transferred to the buyer.

At the Bureau Veritas group, most contracts are short-term. For these contracts, Bureau Veritas recognizes income when the service has been provided to the customer. For other contracts, Bureau Veritas uses the percentage-of-completion method to determine the amount to be recognized under net sales during a given period, insofar as the income from contracts can be readily determined. The percentage of completion is determined for each contract by reference to the costs incurred at the balance sheet date, compared to the total estimated costs. The increment of this percentage, applied to the total forecast income from the contract, represents the profit margin recognized in the period. In the event of a forecast negative margin, provisions are recognized immediately for the entire contract.

The Mecatherm group uses the percentage-of-completion method to determine the amount to be recognized under net sales during a given period, insofar as the income from contracts can be readily determined. The increment in the percentage of completion, applied to the total forecast income from the contract, represents the profit margin recognized in the period.

Note 1-11.16 Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated into euros using the exchange rates prevailing at the dates of the transactions. Receivables and payables in foreign currencies are translated into euros at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the translation of foreign currency transactions are recognized on the income statement under "Other financial income and expense".

In the event of hedges of a net investment in a foreign business (see above, "Derivatives"), the portion of the gain or loss on a hedging instrument covering a net investment in a foreign business that is considered to be an effective hedge is recognized directly in shareholders' equity. The ineffective portion is immediately recognized on the income statement.

Note 1-11.17 Stock subscription and purchase option plans

In accordance with IFRS 2 "Share-based payments", the Group recognizes an expense corresponding to the fair value of employee stock subscription options, purchase options, bonus shares and performance shares at the grant date, with the corresponding offsetting entry being recognized under consolidated shareholders' equity. The expense is spread over the options' vesting period.

Wendel uses the binomial model to determine the fair value of options and performance shares granted. In 2012, as in previous fiscal years, Wendel's plans were valued by an independent appraiser.

Note 1-11.18 Accounting treatment of participation of managers in Group investments

The co-investment mechanisms described in note 4 "Participation of managers in Group investments" take the form of ownership by managers of various financial instruments, such as ordinary shares, index-based or preferred shares, warrants, etc.

These investments are redeemed upon divestment or an IPO, or after a pre-determined period of time. At this time, the investment gains are shared on the basis of whether or not Wendel's annual performance and cumulative profitability objectives have been met.

These investments are measured and accounted for based on the manner in which they will be redeemed, either as equity instruments under a divestment or an IPO, or in cash under Wendel's commitment to buy them back after a pre-determined period has elapsed.

Until the redemption method is known, the investments are accounted for based on the method thought to be the most likely.

When the investments are most likely to be redeemed as equity instruments, the managers' initial investment is accounted for as non-controlling interests in proportion to their share of the total investment (Wendel + co-investors pari passu + management teams). On redemption, the dilution created by the sharing of the investments' value reduces Wendel's capital gain. If there is an initial advantage (i.e. a positive difference between the fair value of the co-investment and the managers' subscription or acquisition price), this advantage is recognized as an operating expense and spread over the vesting period of the investment. The offsetting entry for this expense is an increase in shareholders' equity. This advantage is determined on the grant date and is not revalued thereafter. If, on the other hand, the beneficiaries have invested at the fair value of the subscribed or acquired instruments, there is no initial advantage and no expense is recognized.

When the investments are most likely to be redeemed in cash, under Wendel's repurchase commitments after the lapse of a pre-determined period, the initial investment is recognized as debt. This debt is later restated at its fair value until payment is made. The change in fair value is recognized on the income statement. When the investment is redeemed, the debt is paid off in cash.

The most likely redemption method is determined at each balance sheet date, until the investments are redeemed. Should the most likely method change, the effects of the change are recognized in advance on the income statement. Hence, if the most likely redemption method were to be changed to cash, the amount recognized on the income statement at the time of the change would be the fully revalued amount of the instruments at that date.

As of December 31, 2012, Wendel believed that the majority of the Group's co-investments were most likely to be redeemed through a divestment or IPO of the related subsidiaries or associates. Therefore, no material debt is recognized on the balance sheet, with the estimated value of the co-investments at the closing date being presented in off-balance-sheet commitments.

Note 1-12 Presentation rules

Note 1-12.1 Balance sheet presentation

An asset is classified as current when it meets any of the four following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the balance sheet date; or
- it is cash or cash equivalent carrying no restriction on exchange or use in settlement of a liability for at least 12 months after the balance sheet date. When the asset is in a pledged cash or cash equivalent account, the amount is recognized under non-current assets.

A liability is classified as current when it meets any of the four following criteria:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the balance sheet date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Note 1-12.2 Income statement presentation

"Operating income" includes income and expenses not resulting from financial activities, equity-method investments, discontinued activities, activities held for sale, and income tax.

"Other operating income and expenses" corresponds to the impact of limited, unusual, abnormal or infrequent events. These may include gains or losses on divestments of property, plant & equipment or intangible assets, impairment losses on property, plant & equipment or intangible assets, restructuring costs, and provisions for claims and litigation.

Financial income and expenses include “Finance costs, net” and “Other financial income and expense”, which include gains and losses on disposals of financial assets, impairment losses on financial assets, dividends paid by unconsolidated associates, changes in the fair value of “financial assets at fair value through profit or loss”, the impact of discounting receivables, liabilities or provisions and foreign exchange differences.

1. Income taxes: treatment of the CVAE tax

According to Wendel’s analysis, the CVAE tax on value added meets the definition of an income tax, as defined in IAS 12.2 “Income taxes”. IFRIC has specified that to enter into the scope of IAS 12, a tax must be calculated on the basis of a net amount of revenue less expenses and that this net amount may be different from the net income figure on the income statement. Wendel finds that the CVAE has the characteristics indicated in this conclusion, inasmuch as the value added constitutes the intermediate level of profit systematically used, in accordance with French tax rules, to determine the amount due under the CVAE.

The CVAE tax is therefore presented in the “Tax expense” line.

Note 1-12.3 Earnings per share

Basic earnings per share are calculated by dividing the Group’s share of net income for the year by the average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing the Group’s share of net income by the average number of shares outstanding during the year, adjusted according to the “treasury stock” method. According to the “treasury stock” method, the cash that would be received from the exercise of dilutive instruments would be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact. Dilutive instruments issued by subsidiaries are also included in determining the Group share of net income.

If the income statement presents income from divested businesses separately, earnings per share from continuing and discontinued operations are also presented separately.

NOTE 2 Changes in scope of consolidation

Note 2-1 Changes in scope of consolidation in fiscal year 2012

Note 2-1.1 Sale of Deutsch (high-performance connectors)

At the end of November 2011, Wendel received a firm bid from TE Connectivity to acquire all of the shares of Deutsch, world leader in connectors for harsh environments. TE Connectivity is one of the world’s leading providers of connectivity solutions. The sale was finalized in early April 2012 after all the necessary regulatory approvals were received. This transaction put Deutsch’s enterprise value at approximately $2.1 billion, and Wendel’s net divestment proceeds totaled €960 million, or 2.5 times its total investment. Wendel thus achieved a (cash-on-cash) capital gain of €583 million on its investment.

Deutsch’s earnings were included in assets of operations held for sale until March 31, 2012 and the net accounting gain of €689 million was recognized in the same line item in the income statement. Deutsch’s contribution to 2011 earnings, presented for comparative purposes, was also reclassified into this line item.

In the first quarter of 2012, Deutsch posted sales of $182.1 million, up 5.4% overall and 7.0% organically, compared with the first quarter of 2011 ($172.7 million). Deutsch’s net sales totaled $675.6 million in 2011, and its adjusted operating income was $145.7 million.

Note 2-1.2 Investment in Legrand (products and systems for low-voltage installations) - Part-payment of Wendel dividend in shares

In June 2012, Wendel’s dividend of €1.30 per share was accompanied by a special dividend of one Legrand share for every 50 Wendel shares held, representing a distribution of 951,757 Legrand shares (excluding fractional shares paid in cash). This transaction was accounted for as both a “divestment” of Legrand shares and as the payment of a dividend.

A “divestment” gain of €14.6 million was therefore recognized corresponding to the difference between the stock market value of the distributed shares (share price on distribution: €24,975 per share) and their carrying value on distribution (€9.67 per share, including the reversal of currency translation adjustments).

The dividend payment corresponding to these shares was recognized at their market value of €23.8 million excluding fractional shares and €24.2 million including the value of fractional shares paid in cash.

Separately, the shareholder agreement between Wendel and KKR was terminated when KKR ceased to be a shareholder of Legrand in March 2012.

As of December 31, 2012, Wendel held 14,438,049 Legrand shares, or 5.5% of the capital (net of treasury shares) and 9.7% of the voting rights. Wendel maintains its representation on the Board of Directors (two members out of 12), the Strategic Committee (one seat out of four), the Audit Committee (one seat out of three) and the Appointments and Compensation Committee (one seat out of three). As a result, Wendel continues to have significant influence over Legrand, and Legrand will continue to be accounted for by the equity method in Wendel's consolidated accounts.

Note 2-1.3 Investment in Saint-Gobain (production, transformation and distribution of building materials)

As of December 31, 2012, Wendel held 91,722,635 Saint-Gobain shares, representing 17.4% of capital (net of treasury shares) and 26.8% of voting rights.

Consistent with the opening of the fiscal year, 89,812,635 of these shares, or 17.06% of share capital (net of treasury shares), are recognized as equity-method investments. Wendel's significant influence over Saint-Gobain is shown by its representation on the Board of Directors (three seats out of 16), the Financial Statements Committee, the Strategic Committee and the Compensation Committee. Wendel and Saint-Gobain published the principles and objectives of their 10-year cooperation agreement on May 26, 2011. Under the terms of this agreement, Wendel is guaranteed three seats on the Board of Saint-Gobain so long as it holds more than 10% of the voting rights of Saint-Gobain.

Over the fiscal year 2012, Wendel's ownership percentage fell slightly, by 0.01%. This dilution derived from the capital increase reserved for employees and share buybacks carried out by Saint-Gobain to cover stock-option exercises. The resulting dilution loss of €6.8 million is recognized in the income statement under "Net income from equity-method investments".

Additionally, as was the case at the opening of the financial year, 1,910,000 shares purchased in August 2011 are recognized at their stock market price within current financial assets, and any change in their fair value is recognized on the income statement. This treatment is consistent with the Group's objective not to hold the 1,910,000 shares over the long term and to sell them when an opportunity arises (see note 13 "Financial assets and liabilities").

Note 2-1.4 Principal changes in scope of consolidation of subsidiaries and associates

1. Changes in scope of consolidation of the Bureau Veritas group (compliance evaluation and certification services)

In 2012, Bureau Veritas made 14 attractively-valued acquisitions enabling it to consolidate its technical expertise in fast-growing market segments (oil and gas drilling, geochemical testing of minerals, electronic products and automotive equipment testing) and to strengthen the size of its network in key geographies such as North America, Latin America and Germany. On an annual basis, these acquisitions had combined revenue estimated at more than €210 million in 2012. The main acquisitions were:

- AcmeLabs (Commodities), the number three player in upstream minerals testing in Canada;
- TH Hill (Industry), a global leader in oil & gas drilling failure prevention and analysis services, based in the US;
- Tecnicontrol (Industry), a leader in conformity assessment of industrial assets in Colombia; and
- HuaXia (Construction), a leader in technical control and construction supervision of petrochemicals plants in China.

Since the 2012 accounts were closed, Bureau Veritas has acquired 7Layers, a German company specialized in the testing and certification of mobile electronics devices and wireless technologies. This acquisition positions Bureau Veritas among the global leaders by doubling the size of its activities in this segment, where 2012 sales are estimated at €24 million.

The cost of the acquisitions carried out during the year totaled €281 million (of which €27 million was to be paid after the 2012 close). The resulting goodwill amounted to €168 million. The goodwill amount will become definitive once valuation of the identifiable assets and liabilities and the contingent liabilities of the companies acquired is completed over the next 12 months, in line with accounting standards.

In addition, Bureau Veritas sold some non-strategic operations in Australia and New Zealand. Bureau Veritas also plans to sell the following assets and liabilities in the next 12 months:

- within the Construction division, predominantly in Spain, the Paymacotas group of subsidiaries, manager of the Infrastructure activity; and
- in the In-Service Inspection and Verification division, an agreement was signed on January 11, 2013 for the sale of the subsidiary Analytical Solutions, manager of the Environment activity in Brazil.

A provision was recognized against the carrying value of these two activities as of December 31, 2012 (see note 24 "Other operating income and expenses").

2. Changes in scope of consolidation of the Materis group (specialty chemicals for construction)

Materis made the following principal acquisitions in 2012:

- 54% of the shares of Elmin, Europe's leading exporter of monohydrate bauxite, enabling Kerneos (Aluminates division) to secure long-term access to one of its key raw materials; and

- 70% of the shares of Suzuka, leader in the Chinese market for organic texture coatings. Suzuka has a manufacturing site and a laboratory in Shanghai and a sales network covering central and western China, which will complement that of ParexGroup (Mortars division). Suzuka posted sales of €19.5 million in 2012, and its top-line growth and profitability were both high.

Goodwill arising from these transactions represented €26.8 million.

3. Changes in scope of consolidation by the Saint-Gobain group (production, transformation and distribution of building materials), an equity-method investment

On March 30, 2012, Saint-Gobain acquired Brossette from Wolseley, after obtaining authorization from the French competition authorities on March 23, 2012. Brossette specializes in the distribution of bathroom, heating and plumbing equipment in France.

On June 8, 2012, the Saint-Gobain group signed an agreement to acquire the WQ group, one of the leading British manufacturers of high-performance insulation foam. The purchase of Celotex was finalized in the second half of 2012.

On January 17, 2013, the Saint-Gobain group accepted Ardagh's purchase offer for Verallia North America for an enterprise value of $1.694 million (approximately €1.275 million). This transaction will be subject to authorization by the United States anti-trust authorities.

4. Changes in scope of consolidation of the Legrand group (products and systems for low-voltage installations), an equity-method investment

Legrand has pursued its strategy of targeted, self-financed acquisitions of small and mid-size companies offering high growth potential and strong market positions. Since January 2012, the group has announced the purchase of five companies with total annual acquired sales of over €180 million:

- Numeric UPS, India's market leader in low- and medium-power uninterruptible power supply systems;
- Aegide, market leader in Voice-Data-Image cabinets for data centers in the Netherlands, and a front-running European contender in this market;
- Daneva, Brazil's leader in connection accessories. The joint-venture agreement announced in June 2012 for 51% of Daneva's shares was finalized in January 2013 and includes an option to take full control from April 2014;
- NuVo Technologies, a specialist in multi-room audio systems in the United States;
- Seico, the Saudi leader in industrial cable management. This acquisition was announced in February 2013.

These companies have further strengthened Legrand's positions on fast-growing markets, notably in new economies (72% of acquired sales) and new business segments (72% of acquired sales).

Note 2-2 Changes in scope of consolidation in fiscal year 2011

The principal changes in scope during 2011 were as follows:

- sale in blocks of 13.6% of Legrand (products and systems for low voltage installations);
- acquisition of Parcours (long-term corporate vehicle leasing) by Oranje-Nassau Développement;
- acquisition of Mecatherm (industrial baking equipment) by Oranje-Nassau Développement;
- acquisition of exceet (design of embedded systems) by Helikos.

NOTE 3 Related parties

Wendel's related parties are:

- Saint-Gobain, Legrand and exceet, which are accounted for by the equity method;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

Note 3-1 Saint-Gobain

During fiscal year 2012, Wendel received €113.7 million in cash dividends from Saint-Gobain.

Some Saint-Gobain subsidiaries undertake transactions with Wendel group subsidiaries. These transactions are carried out at market prices.

Note 3-2 Legrand

During fiscal year 2012, Wendel received €14.3 million in dividends from Legrand.

Note 3-3 exceet

The €6.7 million shareholder loan accorded by the Group to exceet in 2011 was partly repaid and amounted to €5.6 million as of December 31, 2012.

Note 3-4 Members of the Supervisory Board and Executive Board

Compensation paid by Wendel to the members of the Executive Board in respect of 2012 amounted to €2,720.5 thousand. The value of options and performance shares allocated to the members of the Executive Board in 2012 totaled €1,654.4 thousand as of the date they were granted.

Compensation paid to members of the Supervisory Board in 2012 totaled €794.1 thousand, including €677.5 thousand in Wendel director's fees and compensation paid to the Chairman of the Supervisory Board, €45.8 thousand in director's fees paid to certain members of the Supervisory Board by Wendel-Participations for serving on its Board, and €66.4 thousand paid by Wendel's subsidiaries to certain members of the Supervisory Board for serving on their Boards.

In addition, two former employees of the Group who were members of the Supervisory Board in 2012 benefit from a Wendel group supplementary pension plan, described in note 15-2 "Employee benefits". For 2012, the insurance company was to pay them the following net retirement benefits: €158 thousand to Jean-Marc Janodet, who retired on July 1, 2002 after 42 years of service to the Group, and €627 thousand to Ernest-Antoine Seillère, who retired on June 1, 2005 after 30 years of service to the Group.

The Company has committed to pay Frédéric Lemoine, Chairman of the Executive Board, in the event of his departure, a maximum of twice his most recent yearly fixed salary and target variable pay, provided performance conditions have been met.

The Company's commitments to Bernard Gautier, a member of the Executive Board, in the event of his departure, are as follows:

- end-of-contract severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board;
- end-of-appointment severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board, subject to performance conditions.

Finally, the members of the Executive Board have co-invested in Materis, Deutsch, Stahl, VGG, Parcours and Mecatherm, as have 40 or so other individuals. The Chairman of the Supervisory Board had also co-invested in Materis, Deutsch, Stahl and VGG. See note 4 "Participation of managers in Group investments".

Note 3-5 Wendel-Participations

Wendel-Participations is owned by approximately 1,050 Wendel-family individuals and legal entities. It owns about 35% of Wendel's share capital.

There are no other economic or financial relationships between Wendel-Participations and Wendel besides those related to the holding of shares and the following agreements:

- a memorandum of understanding on the use of the "Wendel" family name and a license agreement governing the use of the "Wendel Investissement" brand; and agreements with Wendel-Participations regarding administrative assistance and leasing of premises.

NOTE 4 Participation of managers in group investments

Note 4-1 Participation of Wendel managers in Group investments

To involve its managers in the Group's value creation, Wendel has set up co-investment mechanisms to allow them to invest their personal funds in the same assets in which the Group invests. Co-investors thus have a personal stake in the risks and rewards of these investments.

The co-investment mechanism was amended in 2011 to limit co-investors' exposure to the upside potential and downside risk of losing their full investment, and to keep shareholder and management interests focused on maximizing the value of each investment.

The principles of co-investment, as approved by the Supervisory Board, acting on the advice of the Governance Committee, for investments made by the Wendel group in new companies from 2011 are the following:

i) the co-investors invest, alongside Wendel and based on a proposal from Wendel, an amount equivalent to no more than 0.5% of the total sums invested by Wendel;

ii) 30% of the amounts invested by the co-investors are invested under the same terms and conditions as Wendel (pari passu co-investment);

iii) the remaining 70%, or a co-investment of 0.35% of the total invested by Wendel, confer a right, should events defined in paragraphs (v) and (vi) below take place, to 7% of the capital gain (co-investment with a multiplier effect), provided that Wendel has obtained a minimum annualized return of 7% and a cumulative return of 40% on its investment. Otherwise, the co-investors will lose 70% of their investment;

iv) rights to leveraged co-investment benefits will vest gradually over a period of four years in five tranches of 20% per year (20% at the investment date, then 20% at each anniversary date); in the event of a departure during this period, the Wendel group may repurchase these rights in accordance with pre-defined conditions;

v) the potential gain or carried interest is realized in the event of a full divestment, change in control, divestment of more than 50% of the shares held by Wendel, or if the company concerned is listed on a stock exchange. The liquidity extended to co-investors may be either the total amount or a proportion of the investment sold;

vi) eight years after Wendel's initial investment, if Wendel has not fully divested the company in question or listed it on a stock exchange, the potential capital gain is also realized, on one-third of the amounts invested by the co-investors. Similarly, the potential gain is realized on the other two-thirds after 10, then 12 years if no full divestment or IPO has taken place in the meantime. In these cases, the co-investment is valued, at the end of each period, by an independent, internationally-recognized appraiser.

Wendel group managers have made co-investments, governed by the above principles, in the companies acquired by Wendel since 2011: Parcours, Mecatherm and, in early 2013, IHS. These co-investments were made through a new, Luxembourg-law, venture capital investment company called Oranje-Nassau Développement SA SICAR (Oranje-Nassau Développement), created in 2011 and currently divided into three compartments: Parcours, Mecatherm and IHS.

After authorization from the Supervisory Board on February 12, 2013, the Chairman and the member of the Executive Board invested approximately €136,000 and €90,000, respectively, in IHS.

Co-investments related to acquisitions Wendel made between 2006 and 2008 (and to subsequent reinvestments Wendel made in these companies) remain governed by the following principles:

i) the co-investors have invested alongside the Wendel group and based on a proposal from the Group, an amount equivalent to no more than 0.5% of the total sums invested by the Group;

ii) the co-investments confer a right to 10% of the capital gain (on 0.5% of the investments), provided that Wendel has obtained a minimum return of 7% p.a. and 40% of its investment. Otherwise, the members of the management team lose the amounts they have invested;

iii) rights to co-investment benefits will vest gradually over a period of four years in five tranches of 20% per year (20% at the investment date, then 20% at each anniversary date). However, members of the management team commit, in case of departure, to sell on demand their unvested shares at their initial value;

iv) if there is a capital gain, it will be realized at the time of divestment, or in the absence of divestment at the end of 10 years, on the basis of an appraiser's opinion. If the conditions of principle (ii) are not fully met, the co-investments are lost.

Under these previously applied principles, the managers invested personally alongside Wendel in Saint-Gobain and in the Group's unlisted companies: Materis, Deutsch, Stahl and Van Gansewinkel Groep (VGG). The co-investment in Saint-Gobain was unwound in 2010, prior to maturity, in light of the absence of prospects of a return for co-investors. As a result, the co-investors lost their entire investment, i.e. approximately €7 million. The co-investment in Deutsch was realized when the company was sold to TE Connectivity in April 2012. The enterprise value of Deutsch in this divestment was approximately $2.1 billion, generating net divestment proceeds for Wendel of €960 million. As the minimum return conditions (7% p.a. and 40% of its investment) had been met (return in excess of 20% p.a. on average, and return on investment of 150%), 35 co-investors received a total of €61.3 million in 2012. This amount corresponds to their share of gross divestment proceeds per the applicable Deutsch co-investment rules, i.e. 74% for 32 of the co-investors, 6.5% for the Chairman of the Executive Board, 16% for the other member of the Executive Board and 3.5% for the Chairman of the Supervisory Board.

Regardless of the applicable system, Wendel investments giving rise to small co-investments can be aggregated and paid up at the end of the year. Accordingly, payment of co-investments that together represent less than €100,000 for all co-investor/managers (corresponding to Wendel investments of less than €20 million) can be deferred until a cumulative threshold of €250,000 is reached. If this threshold is not reached at least once a year, payment must nevertheless be made.

Note 4-2 Participation of subsidiaries' managers in the performance of their companies

Various mechanisms exist in Group subsidiaries and associates to allow senior managers to participate in the performance of each entity.

For listed subsidiaries and associates (Bureau Veritas, Legrand and Saint-Gobain), these mechanisms consist of stock-option and/or bonus share plans.

For unlisted subsidiaries (Materis, Mecatherm, Parcours and Stahl), the participation policy is based on a co-investment mechanism through which these executives may invest significant sums alongside Wendel and under which their profit profile depends on the internal rate of return (IRR) achieved by Wendel in the investment concerned.

The co-investors receive a return in excess of Wendel's only when a certain profitability threshold has been met (ranging from 7% to 10%).

Co-investors run the risk of losing all or part of the significant sums they have invested, depending on the value of the investment at maturity.

These co-investment mechanisms and the sharing of risk between Wendel and the co-investors are represented by a variety of financial instruments held by Wendel and the co-investors. These instruments include ordinary shares, index-based or preferred shares, fixed-rate bonds, warrants, etc.

These investments mature either when a liquidity event occurs (divestment or IPO) or, if no such event takes place, at a specific point in time (between 2 and 14 years after the initial investment by Wendel, depending on the company).

Note 4-3 Impact of co-investment mechanisms for Wendel If the business plans of the companies related to the co-investments of Wendel and subsidiary managers are realized, there could be a dilutive impact of 5-15% on Wendel's ownership interest in these companies by the 2014-16 timeframe.

NOTE 5 Managing financial risks

Note 5-1 Managing equity market risks

Note 5-1.1 Value of investments

Wendel's assets are mainly investments in which it is the main or controlling shareholder. Some assets are listed (Saint-Gobain, Bureau Veritas, Legrand and exceet) and others are unlisted (Materis, Stahl, Parcours and Mecatherm). The Group also holds non-controlling interests, such as in VGG, whose amounts are relatively insignificant.

The value of these investments is based mainly on:

- their economic and financial performance;
- their prospects for business development and profitability;
- their ability to identify risks and opportunities in their environment;
- equity market trends, directly in the case of listed companies and indirectly in the case of unlisted companies, whose valuations may be influenced by market parameters.

Growth in Wendel's Net Asset Value (NAV) depends on its managers' capacity to select, buy, develop and then resell companies able to distinguish themselves as leaders in their sectors.

Wendel makes its decisions on the basis of its investment teams' expertise and in-depth strategic, accounting/financial, legal, tax and environmental analysis. These processes identify the operating, competitive, financial and legal opportunities and threats likely to have an impact on the value of an investment.

Wendel monitors and analyzes each company's operating and financial performance and the risks to which they are subject, alongside the managers of the companies, during regular in-depth operational review meetings or meetings of these companies' governance entities. In addition, knowledge sharing with the management team makes it possible to develop true sectoral expertise and thus to prepare an analysis of future prospects at regular intervals. This regular review also enables Wendel to better analyze developments in each investment and play its role of principal shareholder.

Wendel's company-specific approach is supplemented at the Group level through an overall analysis of the distribution of Wendel's subsidiaries and investments by economic activity, in order to ensure sufficient diversification, not only sectorally, but also from the point of view of competitive positioning and of the resilience of the companies to economic hardship.

Nevertheless, there is a risk that the subsidiary's economic results will not meet Wendel's expectations. This risk is significant amid the current high volatility on the financial markets and the after-effects of the global recession, which continues to generate much uncertainty about economic trends.

The financial structure of LBO investments (Materis, Stahl, VGG and Mecatherm) accentuates the valuation risk of these investments. While leverage makes high internal rates of return (IRR) possible on these investments, it also exacerbates financial difficulties in the event of a significant slowdown in economic activity by restricting their access to liquidity and by subjecting them to the risk that financial covenants will trigger accelerated maturity of their financial debt (see note 5-2 “Managing liquidity risk”). Moreover, the financial crisis has shown that banks’ own difficulties (e.g. access to liquidity, prudential ratios) could create obstacles in refinancing the debt of these companies. To forecast and manage the risk incurred by these companies’ financial structure, cash flow and financial covenant forecasts are prepared regularly, based on various scenarios, in order to prepare, if necessary, targeted solutions to ensure their long-term survival and to create value. Moreover, Wendel and its subsidiaries are in close contact with bank lenders, in order to more effectively manage the restrictions on these financing agreements. Owing to this relationship, starting at the end of 2011, or 18 months before the first repayment dates, Materis renegotiated the terms of its bank debt with its pool of 199 lenders (see note 5-2.5 “Financial debt of operating subsidiaries – documentation and covenants”).

The value of these investments is therefore subject to the risk that their economic and financial performance and prospects for business development and profitability will be undermined by difficulties related to their organization, financial structure, economic sector and/or the global economic environment. It is also subject to financial market risk, and equity market risk in particular. However, Wendel is a long-term shareholder with no short-term demands on the value of its assets at a specific point in time, even though it monitors NAV trends very closely.

Note 5-1.2 Equity derivatives

Wendel may use equity or index derivatives to manage or hedge the risk on its asset portfolio. Wendel issued (wrote) 6.1 million European puts on Saint-Gobain in 2007 (see note 13-4 “Put options issued (written) on Saint-Gobain shares”).

These instruments are monitored regularly by the Finance department, which evaluates the associated risk and presents it to the Executive Board.

Note 5-1.3 Short-term financial investments indexed to equity markets

As part of its cash management (see note 5-2 “Managing liquidity risk”), Wendel uses liquid, short-term financial investments, a small portion of which are indexed to equity markets (equity funds). This small portion is therefore exposed to equity market risk. Such investments, which offer higher expected yields than cash instruments, but also greater risk of loss in value, are monitored regularly by the Chief Financial Officer and the Executive Board.

Note 5-1.4 Equity market risk

Equity market risk relates to:

- consolidated and equity-method securities, whose recoverable values used for impairment tests are based on market parameters, including the discount rate used in calculating “value in use” or the market price used in calculating “fair value”;
- the puts issued (written) on Saint-Gobain shares, which are recognized at their fair value on the balance sheet. When Saint-Gobain’s share price declines, the liability related to these puts increases, generating a loss in the income statement, and vice-versa. As an indication, as of December 31, 2012, a +/-5% change in the price of Saint-Gobain’s shares would have an impact of about +/-€9 million on the income statement (see note 13-3.D “Derivatives”);
- the Saint-Gobain shares purchased in the summer of 2011, classified as current financial assets (see note 13 “Financial assets and liabilities”) and whose value was €61.5 million as of the end of 2012. A +/-5% variation in the equity markets would have an impact of about +/- €3 million on the value of these shares and on the income statement;
- short-term financial investments indexed to the equity markets, the total value of which was €72 million as of December 31, 2012. Such investments are classified under current financial assets, and any change in their fair value is recognized on the income statement. A +/-5% variation in the equity markets would have an impact of about +/- €3.6 million on the value of these investments and on the income statement;
- margin calls on Eufor group financing. These depend on the price of the shares serving as collateral. These margin calls could have an impact on Wendel’s available cash and are described in note 5-2 “Managing liquidity risk“. This risk has been significantly reduced by the large reduction in financing with margin calls, which had been reduced from €3,464 million at the beginning of 2009, to €625 million at the 2012 year-end;
- the covenants under Wendel’s syndicated credit facility. These covenants are based on ratios of financial debt to the value of assets and are described in note 5-2 “Managing liquidity risk”. As of December 31, 2012, €250 million was outstanding under this credit facility, and Wendel was in compliance with the covenants;
- the degree of financial leverage of Wendel and its holding companies (i.e. net debt/assets), a key indicator of the cost of bond financing (and in some cases, bank financing), which Wendel may seek to access. This indicator is also monitored by Standard & Poor’s, which has been mandated by Wendel to rate its financial structure and bond borrowings (See note 5-2 “Managing liquidity risk”).

In millions of euros	Net carrying value (Group share)	Market value (closing share price)	Impact on market value of a 5% decline in share prices	Note	Impact on net income: of a +/-5% change in share price	Impact on net income: of a -/+0.5% in discount rate applied to the value of future cash flows	Impact on net income: of a +/-0.5% in perpetual growth rate used to calculate discounted future cash flows	Impact on net income: of a 1% reduction in the normative margin used to discount cash flows in periods subsequent to the business plan
Equity-method investments								
Saint-Gobain	4,228.4	2,893.8	- 144.7	**9**	na (1)	+ 414/- 496	+ 414/- 369	- 714
Legrand	145.3	460.2	- 23.0	**9**	0	na (3)	na (3)	na (3)
Oranje-Nassau Développement - exceet	53.8	22.0	- 1.1	**9**	na (1)	0/0	0/0	0
Consolidated investments								
Bureau Veritas	1,133.6	4,765.2	- 238.3	**6**	0	na (3)	na (3)	na (3)
Materis	- 288.3	na	na	**6**				
Materis shareholder loan (2)	273.4							
	- 14.9				na	0/0	0/0	0
Stahl	12.3	na	na	**6**				
Stahl shareholder loan (2)	70.9							
	83.2				na	0/0	0/0	0
Oranje-Nassau Développement								
◦ Parcours	122.8	na	na	**6**	na	0/0	0/0	na (4)
◦ Mecatherm	117.2	na	na	**6**	na	0/0	0/0	0
Financial instruments								
Puts issued (written) on Saint-Gobain	- 182.4	- 182.4	- 9.3	**13**	+/- 9.3	na	na	na
Other financial assets								
Unconsolidated Saint-Gobain shares	61.5	61.5	- 3.1	**13**	+/- 3.1	na	na	na
Short-term financial investments indexed to the equity markets	72.2	72.2	- 3.6		+/- 3.6	na	na	na

(1) Impairment tests are based on value in use (discounted future cash flows). See note 9 "Equity-method investments".
(2) Eliminated on consolidation.
(3) The recoverable value used for impairment tests on these investments is the market share price (fair value).
(4) The reference accounting measure used for the Parcours impairment test is "Income (loss) before exceptional items and tax".

Note 5-2 Managing liquidity risk

Note 5-2.1 Wendel's and the holding companies' liquidity risk

Wendel needs cash to make investments, service debt, pay operating expenses and dividends and meet margin calls on Eufor financing. These needs are covered by asset rotation, bank and bond financing and by dividends received from subsidiaries and associates.

1. Position and monitoring of cash and short-term financial investments

1.1. Cash and short-term financial investments as of December 31, 2012

As of December 31, 2012, cash and short-term financial investments held by Wendel and its holding companies (excluding operating subsidiaries) were as follows:

In millions of euros	Available denominated in €	Available denominated in $	Pledged denominated in €	Total
Money-market mutual funds	263 (1)			263
Bank accounts and bank certificates of deposit	166 (1)	58 (1)	3 (3)	227
Diversified, equity and bond funds (2)	33	45		78
Funds managed by financial institutions (2)	251			251
Short-dated bonds (2)	11			11
TOTAL	**724**	**102**	**3**	**830**
	826			

(1) Classified under cash and cash equivalents within current assets.
(2) Classified under other current financial assets.
(3) Cash pledged as collateral under Eufor group financing arrangements (holding and financing structure for the Saint-Gobain investment), classified under non-current assets.

1.2. Monitoring cash and short-term financial investments

Every month cash & equivalents (including short-term financial investments) and cash flow are displayed on a chart summarizing the changes during the month and the month-end position. This chart is systematically presented to the Executive Board. The chart also shows a breakdown between pledged and unpledged cash, the detail of the various cash and short-term financial investment vehicles, as well as counterparty information. Finally, another chart indicating the expected cash flows over the coming months and years is prepared and used to determine when financing needs will arise under various scenarios.

Cash investment vehicles consist of short-term bank deposits and low-volatility, money-market mutual funds (classified under "Cash and cash equivalents"), funds managed by financial institutions, and equity, bond and diversified funds (classified under "Other financial assets"). These investments are valued daily (or in some cases weekly). Amounts allocated to more volatile funds, potentially generating higher returns, represent an insignificant portion of cash and short-term financial investments. Wendel has a formal procedure for monitoring the net asset values of these more volatile funds on a weekly basis. In choosing the various types of investments, Wendel takes into account the compatibility of their term with its debt repayment obligations and those of its holding companies.

2. Managing debt maturities and refinancing

2.1. Debt position as of December 31, 2012

As of December 31, 2012, gross debt with recourse to Wendel consisted of:

- €3,038 million in Wendel bonds with maturities ranging from 2014 to 2019 (see details in note 16 "Financial debt"); and
- a syndicated credit facility, with €250 million drawn. This revolving credit facility totals €1.2 billion, with maturities in September 2013 (€950 million) and September 2014 (€250 million). €950 million, maturing in September 2013, therefore remains available, subject to compliance with covenants (see note 5-2.4.2 "Wendel's syndicated credit facility – documentation and covenants").

As of the end of 2012, the average maturity of this debt was 3.7 years.

Eufor (holding and financing structure for the Saint-Gobain investment) bank debt without recourse to Wendel totaled €625 million as of end-December 2012. Maturities are June 2015 (€200 million), January 2016 (€212.5 million), and January 2017 (€212.5 million). All of this debt is subject to margin calls (see note 5-2.4.3 "Margin calls on Eufor group financing"). The average maturity of this financing is 3.2 years.

During the summer of 2012, the €1,100 million line maturing in 2013-14 was replaced by a new €700 million revolving line maturing in 2017. As a result, the Eufor group's undrawn balance of credit lines with margin calls now totals €1,150 million. These lines mature in 2016 (€225 million) and 2017 (€925 million). These lines of credit can be used to refinance existing Eufor debt, to finance the acquisition of new Saint-Gobain shares or to finance the 76.7 million Saint-Gobain shares not pledged or linked to a financing arrangement as of December 31, 2012.

2.2. Managing debt

To manage debt maturities, Wendel must find the necessary resources to cover the repayment of its financial obligations at their maturity. These resources can derive from available cash, asset rotation, or new financing. This latter resource is limited by:

- the availability of bank and bond lending sources, which has been restricted by the current financial crisis and by pressure from financial institution regulators (Basel III, Solvency II); and
- the level of financial leverage of Wendel and its holding companies (i.e. net debt/assets), a key credit risk indicator tracked by Wendel's lenders and by Standard & Poor's, which rates the Group's financial structure. Leverage depends in particular on asset values, and is thus subject to equity market risk (see note 5-1 "Managing equity market risk").

To manage refinancing risk, Wendel seeks to align the maturities of its bond and bank financing with its long-term investor outlook. Wendel therefore secures medium to long-term financing and extends existing maturities when market conditions allow and when Wendel management deems it necessary to do so.

Wendel also has available credit lines that enable it to ensure the repayment of the nearest maturities. Finally, Wendel can take the opportunity to sell assets so as to pay off some of its financial debt and reduce financial leverage.

As part of the management of its debt maturities, Wendel carried out a new bond issue of €400 million with a maturity of September 2019 at very favorable terms (coupon below 6% and heavily subscribed), demonstrating its ability to manage its refinancing. Part of the funds generated from this bond issue and also from the divestment of Deutsch was used to pay down the amounts due at the first maturity dates of Wendel and its holding companies; specifically, €250 million under the syndicated loan due in 2013, €760 million in bank debt with margin calls due in 2014 and 2015 and €143 million to buy back Wendel bonds maturing in 2014 and 2016 (see Note 16 "Financial debt"). As a result of these repayments, the next maturity date of Wendel and its holding companies is in September 2014.

Additionally, the €1,100 million available line of credit with margin calls maturing in 2013-14 was replaced during summer 2012 by a new revolving undrawn line of €700 million maturing in 2017. Through this transaction, the Group has extended the average maturity of the lines of credit available to it and its holding companies, adjusted the amount of this credit to the Group's needs and reduced future interest costs.

On April 11, 2012, Standard & Poor's upgraded its long-term rating for Wendel from BB- with a negative outlook to BB with a stable outlook. The short-term rating is B.

3. Managing risk related to the financial covenants of the syndicated credit

The syndicated credit, under which €250 million was outstanding as of December 31, 2012, is subject to financial covenants based principally on the market value of Wendel's assets and on the amount of net debt (see note 5-2.4.2 "Syndicated loan documentation and covenants"). As such, the covenants are sensitive to changes in the equity markets. If a sharp drop in the equity markets were to cause Wendel to breach these covenants, Wendel could use its available cash to repay this credit line. In addition, the Eufor group could use its undrawn credit lines (not subject to financial covenants) to refinance the available Saint-Gobain shares. This would make cash available to Wendel and would limit the liquidity risk related to accelerated maturity of the syndicated credit facility.

To track the liquidity risk related to the syndicated credit facility, Wendel regularly carries out simulations to analyze the impact of fluctuations in the value of its assets, the level of collateral granted and the cash flow projections on the level of the syndicated credit covenants.

4. Managing the risk related to margin calls on loans of the Eufor group (holding and financing structure for the Saint-Gobain investment)

Wendel responds to the margin calls on the financing for the Eufor group, which therefore have a direct impact on Wendel's liquidity. Nevertheless, Wendel can decide not to respond to additional margin calls. In this case, the related financing would be in default and the collateral already provided would be exercised by the bank, but the bank would have no further recourse to Wendel (the margin call mechanism and security granted as of December 31, 2012 are described in note 5-2.4.3 "Margin calls on Eufor group financing").

Given that bank facilities with margin calls were repaid in 2011 and 2012, the impact of margin calls on available cash has been appreciably reduced. The amount of cash collateral pledged as of December 31, 2012 was not material (€3.4 million).

To track the liquidity risk related to margin calls on the Eufor group's bank loans, Wendel simulates margin calls on the basis of movements in the price of Saint-Gobain and other listed shares pledged as collateral, together with Wendel's cash flow forecasts. This makes it possible to analyze the impact of Saint-Gobain's share price on Wendel's liquidity.

Note 5-2.2 Liquidity risk of operating subsidiaries

1. Managing liquidity risk of operating subsidiaries

The management of each operating subsidiary is responsible for managing the cash, debt and liquidity risk of that entity.

Cash and debt levels are reported regularly to Wendel. Forecasts of bank covenant compliance for the coming year and over the lifetime of the business plan are prepared several times a year and any time an event occurs that could have a material impact on the covenants. These forecasts and calculations of covenant compliance are presented regularly to Wendel.

2. Impact of liquidity risk of operating subsidiaries on Wendel

Debt of operating subsidiaries and associates is without recourse to Wendel. As such, these subsidiaries' liquidity risk affects Wendel only when Wendel chooses to accept it. Wendel has no legal obligation to support operating subsidiaries and associates that might experience cash flow difficulties. Similarly, they have no mutual support obligation between them. As a result, Wendel's liquidity is affected only if Wendel decides to contribute cash to an operating subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel's own liquidity, additional investment in other subsidiaries and new investments. Accordingly, in 2012, Wendel chose to reinvest €21 million in Materis as part of the renegotiation of the terms of Materis' bank debt. Wendel also extended a €5 million liquidity line to Mecatherm and provided a guarantee of €15 million to Mecatherm's lenders in return for the easing of its bank documentation covenants (see note 5-2.5 "Financial debt of operating subsidiaries – documentation and covenants"). Changes in the economic and financial situation of subsidiaries can also have an impact on Wendel's liquidity via the amount of dividends they pay to Wendel. Similarly, changes in the economic and financial situation of subsidiaries affect their value. This is taken into account in calculating Wendel's financial leverage (see note 5-2.1.2.2 "Managing debt" of Wendel and its holding companies).

Note 5-2.3 Wendel's liquidity outlook

Wendel's liquidity risk for the 12 months following the 2012 closing is low, given the high level of cash and short-term financial investments, the undrawn available credit lines and the absence of any debt repayment date before September 2014.

Note 5-2.4 Financing agreements and covenants of Wendel and its holding companies

1. Bonds issued by Wendel – documentation

These bonds are not subject to financial covenants, but carry standard clauses for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

2. Wendel's syndicated credit facility – documentation and covenants (€250 million outstanding as of December 31, 2012)

The syndicated credit facility has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of its net debt.

This net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions, such as the Eufor group. As of December 31, 2012, the net debt taken into account corresponds to Wendel bonds and the syndicated credit less available cash (pledged cash being lodged in the Eufor holding structure).

Net debt of the Saint-Gobain, Bureau Veritas, Legrand, Materis, Stahl, Parcours, exceet and Mecatherm groups, as well as the debt related to the acquisition of Saint-Gobain shares (less cash pledged at that date), are deducted from the gross revalued assets of these companies inasmuch as it is without recourse to Wendel.

The covenants are as follows:

- the net financial debt of Wendel and its financial holding companies must not exceed 50% of gross revalued assets after future tax on unrealized gains and losses (excluding cash);
- the ratio of:

(i) unsecured gross debt plus off-balance-sheet commitments similar in nature to unsecured debt of Wendel and its financial holding companies, less available cash (not pledged or in escrow) of Wendel and its financial holding companies, to

(ii) the sum of 75% of the value of the available listed assets (not pledged or in escrow) and 50% of the value of available unlisted assets (not pledged or in escrow), must not exceed 1.

These ratios are tested half-yearly when there are drawdowns under the syndicated credit line. As of December 31, 2012 Wendel was in compliance with all covenants.

The syndicated loan agreement carries standard covenants for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

3. Margin calls on Eufor group financing (holding and financing structure for the Saint-Gobain investment)

The Eufor group's bank borrowings are subject to margin calls. The value of collateral given by Eufor under these financing arrangements (financed Saint-Gobain shares, listed Bureau Veritas and Legrand shares, cash) must remain at the level required under bank agreement covenants, based in turn on the amount of debt. Should this value decline, the bank demands further collateral; should it increase, a portion of the collateral is freed up. As Wendel finances these margin calls, its liquidity may be affected by a decline in the price of shares given as collateral for this financing.

This debt is without recourse to Wendel. Wendel can therefore choose not to respond to these additional margin calls; this would put the related financing contract in default, and the bank could then apply the collateral already provided.

As of December 31, 2012, collateral was comprised of €422 million in financed Saint-Gobain shares (13.1 million shares at the closing share price), €794 million in listed shares (Bureau Veritas and Legrand at their closing prices) and €3 million in cash. The volume of bank debt subject to margin calls (€625 million as of the 2012 year end) has been reduced by 80% compared to the amount as of the beginning of 2009. At the 2012 year end, Wendel had sufficient assets (listed shares and cash) to enable it to meet additional margin calls in the event of a decline in the financial markets.

Note 5-2.5 Financial debt of operating subsidiaries – documentation and covenants

1. Bureau Veritas financial debt

This debt is without recourse to Wendel.

As of December 31, 2012, the gross face value of Bureau Veritas' financial debt was €1,420 million (including accrued interest and excluding issuing costs; see details on maturity dates in note 16 "Financial debt"). Its cash balance was €243 million. At that date, Bureau Veritas also had the following undrawn lines of credit:

- €142 million available under the revolving loan maturing in 2013;
- €450 million under the undrawn syndicated credit facility maturing in 2017;
- €125 million available from the French private placement with maturity of June 2015;
- $100 million available under the US private placement, maturing in 2021. This amount is available subject to prior approval by the lender.

Bureau Veritas also set up a €300 million commercial paper program in February 2013 to optimize its short-term cash management and to limit its use of other methods of undrawn financing.

These financing arrangements require compliance with the following ratios, calculated on a rolling 12-month basis, twice per year, at June 30 and December 31:

- an interest cover ratio, i.e. EBITDA divided by net interest expense, of more than 5.5; and
- a leverage ratio, i.e. the ratio between net consolidated debt and EBITDA, of less than 3 with the exception of the 2008 US private placement, the German private placement and the 2012 syndicated credit facility, where the leverage ratio must be less than 3.25.

As of December 31, 2012, Bureau Veritas was in compliance with these ratios.

2. Materis bank debt

This debt is without recourse to Wendel.

As of December 31, 2012, the gross face value of Materis' bank debt was €1,984.5 million (including accrued interest, and excluding issuance costs and shareholder loans; see details on maturity dates in note 16 "Financial debt"). Its cash balance was €71.4 million.

Materis has successfully renegotiated the terms of its bank debt, concluding a process launched in September 2011, 18 months before the first repayment dates. 90% of senior loans, 99% of second-lien maturities and 100% of mezzanine debt were postponed under the agreement. Wendel and Materis have obtained the following amendments:

- Materis' liquidity is protected until 2015-16:
  - €1.9 billion in April 2013/April 2016 maturities have been postponed to September 2015/December 2016,
  - bond issues will be allowed up to €700 million,
  - an additional envelope will be available, including €50 million for revolving credit facilities, €20 million for factoring and €20 million for leasing;
- bank covenants have been adjusted to reflect the increased lending margins;
- one or more businesses can be sold if attractive opportunities arise.

Concurrently, Wendel and its co-shareholders injected €25 million in equity to finance Materis' expansion (acquisitions and capital expenditures). Wendel invested around €21 million and Materis' investor-managers more than €3 million. In addition, Wendel managers in the group co-invested their share of the amount invested by the Group. Wendel also extended a €50 million interest-bearing credit facility to Materis, which will be canceled and repaid on divestment of a business activity. Finally, Materis paid fees when the renegotiation was signed, and the margins on its senior debt were increased.

The Materis group is subject to the following covenants:

- LTM EBITDA divided by net interest expense, must be greater than 1.97 as of December 31, 2012. This minimum rises to 2.11 in 2015. This ratio is calculated on a rolling 12-month basis;
- the ratio of consolidated net debt (excluding shareholders' loans) to LTM EBITDA must be below 8.10 as of December 31, 2012. This ceiling falls to 6.69 in 2015;

- the ratio of cash flow after capex and dividends (plus available cash up to €35 million) to total debt serviced (cash interest payable plus scheduled principal repayment) must be greater than 1. This ratio is calculated on a rolling 12-month basis;
- capex must not exceed 4.5% of consolidated sales (plus any capex roll-over) in fiscal years 2012 through 2016.

These covenants are tested quarterly and Materis was in compliance with them as of December 31, 2012.

The credit agreements entered into by Materis contain the standard restrictions for this type of credit line. Certain transactions, such as mergers, exiting from Wendel's tax consolidation group, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted or require the prior approval of the lending banks.

3. Stahl bank debt

This debt is without recourse to Wendel.

As of December 31, 2012, the gross face value of Stahl's bank debt was €193.8 million (including accrued interest, and excluding issuance costs and shareholder loans; see details on maturity dates under note 16 "Financial debt"). Its cash balance was €33.7 million.

The Stahl group is subject to the following covenants:

- the ratio of consolidated net debt (excluding shareholder loans) to LTM EBITDA must be less than or equal to 6.05 at December 31, 2012 (this ceiling falls to 5.00 on September 30, 2014). This ratio is tested quarterly;
- the ratio of LTM EBITDA to net interest expense paid had to be greater than or equal to 2.90 at December 31, 2012. This minimum rises to 3.05 on September 30, 2014. This ratio is calculated on a rolling 12-month basis and is tested quarterly;
- the ratio of cash flow after capex and dividends to total debt service, i.e. interest payable plus scheduled principal repayment, must be greater than or equal to 1.40 until December 31, 2014. This ratio is calculated on a rolling 12-month basis and is tested every six months.

Capex must not exceed €12 million (this ceiling will rise to €14 million in 2014). This ratio is tested annually.

As of December 31, 2012, Stahl was in compliance with these covenants.

The credit agreements entered into by Stahl contain the standard restrictions for this type of credit line. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted or require prior approval of the lending banks.

4. Parcours bank debt

This debt is without recourse to Wendel.

As of December 31, 2012, the gross face value of Parcours' bank debt was €409 million. It consisted essentially of credit lines used to finance the vehicles leased to customers. These credit lines are provided by around 25 financial institutions and no single bank extends more than 25% of total outstandings. Every year, the Parcours group negotiates an annual drawdown limit with each of its banking partners, which it can use to finance the purchase of vehicles it leases under new contracts. Parcours draws down when it purchases the vehicles and repays the loans linearly over 36 months. Certain lines are fully or partially collateralized by the financed vehicles and/or by the lease payments. In addition, part of the debt is subject to annually-calculated financial ratios (net financial debt/shareholders' equity, financial debt/EBITDA, financial debt/cash flow, financial debt/non-current assets, net interest expense/EBITDA). As of December 31, 2012 Parcours was in compliance with these financial ratios.

5. Mecatherm bank debt

This debt is without recourse to Wendel.

As of December 31, 2012, the gross face value of Mecatherm's debt was €74.4 million (including accrued interest, non-recourse discounting and a €5 million liquidity line granted by Wendel, and excluding issuance costs; see details on maturity dates in note 16 "Financial debt"). Its cash balance was €9.7 million.

Given the particularly volatile economic context, Mecatherm and its bank lenders agreed to suspend financial covenant tests for 18 months, beginning on June 30, 2012. As part of this agreement, Wendel has committed to providing a €5 million liquidity line until March 31, 2014, to enable Mecatherm to finance its general corporate needs, and to grant a €15 million on-demand guarantee to the banks to cover the servicing of Mecatherm's bank debt until December 31, 2013. Under certain conditions, the term of the guarantee can be extended.

Note 5-3 Managing interest rate risk

Each subsidiary manages its interest-rate exposure by taking into account the restrictions imposed by its financing agreements. Wendel nonetheless tracks the Group's overall position. Simulations of sensitivity of financing costs to interest-rate trends are analyzed regularly and whenever an event occurs that is likely to have an impact on interest-rate exposure. On the basis of these analyses, Wendel and its subsidiaries may decide to set up swaps, caps, collars or any other derivative for hedging purposes.

As of December 31, 2012, the exposure of the Wendel group (Wendel, its holding companies and fully-consolidated operating subsidiaries) to interest rates was limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	4.2		3.8
Cash and short-term financial investments *	- 0.3		- 0.9
Impact of derivatives	0.9	0.9	- 1.8
INTEREST-RATE EXPOSURE	**4.9**	**0.9**	**1.2**
	70%	*13%*	*17%*

* *Excluding €0.1 billion in short-term financial investments not sensitive to interest rates.*

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 2012 during which they will hedge interest-rate risk.

As of December 31, 2011, the exposure of the Wendel group (Wendel, its holding companies and fully-consolidated operating subsidiaries, except for Deutsch which was classified under operations held for sale) to interest rates was limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	3.4		5.2
Cash and short-term financial investments *	- 0.2		- 0.9
Impact of derivatives	1.8	1.7	- 3.4
INTEREST-RATE EXPOSURE	**4.9**	**1.7**	**0.8**
	67%	*22%*	*11%*

* *Excluding €0.1 billion in short-term financial investments not sensitive to interest rates.*

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 2011 during which they hedged interest-rate risk.

Derivatives serving as interest-rate hedges are described in note 13.

A + 100 basis point change in the interest rates to which the Group's interest rate exposure is indexed would have an impact in the region of -€17 million (-€21 million as of December 31, 2011) on net finance costs before tax over the 12 months after December 31, 2012, based on net financial debt as of December 31, 2012, interest rates on that date and the maturities of interest-rate hedging derivatives. Given the historically low yield curve, the sensitivity of net finance costs before tax is presented in the scenario of an interest rate rise only.

Note 5-4 Managing credit risk

Each operating subsidiary has set up a policy to monitor its customer credit risk, and the receivables for which a risk of non-payment exists are subject to write-down. As of the closing date, owing to the Group's geographical and sectoral diversification, there was no significant concentration of credit risk in trade receivables.

The cash and financial investments of Wendel and its holding companies are placed essentially with top-ranking financial institutions. For short-term investments in funds managed by financial institutions, or bond, equity or diversified funds, an analysis is carried out on the signature risk. By tracking cash and short-term financial investments, Wendel regularly measures its exposure to each counterparty. However, given the high amount of cash and short-term financial investments as of December 31, 2012 (see note 5-2 "Managing liquidity risk"), significant amounts could be placed with the same financial institution.

Derivative contracts are entered into with top-ranking financial institutions.

Note 5-5 Managing currency risk

Note 5-5.1 Wendel

As of December 31, 2012, Wendel held €102 million in short-term financial investments denominated in US dollars. These financial assets were recognized at fair value. As such a 5% decline in the value of the US dollar compared with the euro would have a negative impact of €5 million on Wendel's income statement.

Certain companies controlled by Wendel operate in several countries and, as a result, derive a share of their earnings in currencies other than the euro.

Note 5-5.2 Bureau Veritas

Because of the international nature of its businesses, Bureau Veritas is exposed to currency risk in several foreign currencies.

In 2012, more than half of Bureau Veritas's net sales were in currencies other than the euro, including 15% in US dollars, 7% in Australian dollars, 5% in Chinese yuans, 5% in Brazilian reals and 4% in Hong Kong dollars. No other currency individually accounts for more than 5% of Bureau Veritas' net sales. This trend is a result of the strong growth of Bureau Veritas' businesses outside the euro zone, in Asia and notably in the US and in dollar-zone currencies. However, as a general rule, natural hedges are in place, as services are supplied locally and costs are therefore proportional to income in most countries where Bureau Veritas operates. As a result, Bureau Veritas has limited exposure to currency risk from transactions in different currencies.

A 1% fluctuation in the euro against the US dollar would have had an impact of 0.18% on Bureau Veritas' 2012 operating income. A 1% fluctuation in the euro against the Australian dollar would have had a 0.05% impact; a 1% fluctuation in the euro against the Chinese yuan would have had a 0.09% impact; a 1% fluctuation in the euro against the Brazilian real would have had a 0.03% impact; and a 1% fluctuation in the euro against the Hong Kong dollar would have had a 0.06% impact.

In addition, Bureau Veritas' multi-currency financing enables it to borrow in local currencies. If it deems it necessary, Bureau Veritas can therefore hedge certain commitments by pegging its financing costs to operating revenues in the currencies concerned.

Part of the Bureau Veritas US private placement, with tranches in pounds sterling and US dollars, has been synthetically converted into euros (see note 13-3.D "Derivatives"). Similarly, a portion of the syndicated credit tranche amortizable in US dollars has been synthetically converted into euros.

Finally, the impact on income before tax of a +/-1% fluctuation in the US dollar on USD-denominated financial assets and liabilities held by entities having a non-USD operating currency is +/-€1.1 million.

Note 5-5.3 Stahl

In 2012, 58% of Stahl's net sales were in currencies other than the euro, including 15% in US dollars, 16% in Singapore dollars, 6% in Brazilian reals and 6% in Indian rupees. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of +/-1.5% on Stahl's 2012 income from ordinary activities before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), or less than €1 million. In addition, Stahl has financial debt of about €152 million, denominated in US dollars and carried by a company whose functional currency is the euro. Therefore, in the event of a +/-5% fluctuation in the US dollar's value against the euro, a translation impact of about -/+€8 million would be recognized in net financial expense.

Note 5-5.4 Materis

The US dollar's impact on Materis' operating income is limited to the Materis group's presence the United States and to certain raw-material purchases. In 2012, a +/-5% fluctuation in the USD exchange rate would have had an immaterial impact on income from ordinary activities.

Note 5-6 Managing commodity risk

The Group is exposed to the risk of changes in commodity prices.

Materis purchased around €914 million of raw materials in fiscal year 2012. A 10% increase in the price of the raw materials used by Materis would have led to a theoretical increase in the cost of these raw materials of around €91 million on a full-year basis. Materis nevertheless considers that a short-term increase in the sales price of its products (market conditions allowing) would compensate for the overall effect of such raw material price increases. Materis continually works to optimize its purchases by approving new suppliers, and by developing new formulations for its products. In addition, Materis may make use of specific options for limited amounts and maturities in order to hedge a portion of its risk related to an unfavorable trend in the price of certain raw materials, notably alumina. Materis did not enter into any such hedging contracts during the fiscal year 2012.

Stahl purchased around €204 million of raw materials in the fiscal year 2012. A 10% increase in the price of the raw materials used by Stahl would have led to a theoretical increase in the cost of these raw materials of around €20 million on a full-year basis. Stahl nevertheless considers that, circumstances allowing, a short-term increase in the sales price of its products would compensate for the overall effect of such raw material price increases. Stahl did not enter into any contracts to hedge movements in raw material prices during the fiscal year 2012.

8 Notes to the balance sheet

NOTE 6 Goodwill

In millions of euros	12/31/2012 Gross amount	Impairment	Net amount
Bureau Veritas	2,017.2	57.9	1,959.3
Materis	1,095.8	328.3	767.5
Stahl	24.1	-	24.1
Oranje-Nassau Développement	138.1	-	138.1
TOTAL	**3,275.2**	**386.2**	**2,889.1**

In millions of euros	12/31/2011 Gross amount	Impairment	Net amount
Bureau Veritas	1,884.1	32.5	1,851.6
Materis	1,071.6	297.6	774.0
Stahl	24.1	-	24.1
Oranje-Nassau Développement	138.1	-	138.1
TOTAL	**3,117.9**	**330.1**	**2,787.8**

The principal changes during the year were as follows:

In millions of euros	2012	2011
Net amount at beginning of year	2,787.8	2,961.8
Business combinations (1)	180.9	216.4
Impact of changes in currency translation adjustments and other	-22.4	-304.0
Impairment for the year (2)	-57.3	-86.4
NET AMOUNT AT END OF YEAR	**2,889.1**	**2,787.8**

(1) In 2012, this item includes acquisitions by Bureau Veritas (€168.1 million) and Materis (€28.7 million).
(2) In 2012, this consisted of €25.3 million in impairments recognized by Bureau Veritas, and €31.9 million by Materis on their own CGUs.

Note 6-1 Goodwill impairment tests

In accordance with accounting standards, goodwill for each CGU (Cash Generating Unit) is tested for impairment as soon as there is any indication that its value may be impaired, and at least once per year, on December 31, 2012 (see the note "1-Accounting principles").

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date the financial statements were finalized, on situations existing at the end of December 2012. The uncertain global economic picture has complicated forecasting, and actual amounts could therefore be significantly different from the forecasts made under these tests. If so, values in use may also be different from those determined on the basis of assumptions and estimates at the end-December 2012 balance sheet date.

Note 6-1.1 Impairment test on Bureau Veritas goodwill (listed company)

The carrying value of the Bureau Veritas shares held (€20.1 per share, or €1,134 million as of the end of 2012) was far below their fair value (closing share price: €84.65 per share, or €4,765 million). As a result, there was no need to apply value in use for the impairment test, and no impairment has been recognized.

Bureau Veritas' impairment tests on its own Cash Generating Units (CGUs) led to an impairment charge of €25.3 million on its Spanish "Construction" and "In-Service Inspection and Verification" units. In addition, Bureau Veritas recognized losses of €35.2 million on activities being divested in Brazil and Spain. These impairment losses were maintained in Wendel's financial statements.

Note 6-1.2 Impairment tests on the goodwill of Wendel's unlisted subsidiaries: Materis, Stahl, Parcours and Mecatherm

As Materis, Stahl, Parcours and Mecatherm each constitute a CGU in Wendel's consolidated statements, IAS 36 "Impairment of assets" tests were also performed on these subsidiaries. The values in use determined by Wendel for these tests were based on discounted future cash flows. The business plans used were prepared by Wendel on the basis of those drawn up by the subsidiaries, and using the latest information available on the underlying markets. For each subsidiary, the value so calculated for Wendel's share of the capital (including shareholder loans where appropriate) is compared to the carrying value (share of shareholders' equity increased, where appropriate, for shareholder loans eliminated on consolidation).

1. Materis

An impairment test was performed, although the carrying value of the Group's stake in Materis is negative.

A discount rate of 8.3% was used for Materis (same rate as in 2011) for the calculation of future discounted cash flows, and a long-term growth rate of 2.25% was applied to post-business plan cash flows (same rate as in 2011). The business plan covers a five-year period. Materis' value in use, so calculated by Wendel, was above its carrying value as of December 31, 2012, and accordingly Wendel recognized no additional impairment. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment loss to be recognized at the Wendel level, the discount rate would have to exceed 8.8%. Furthermore, the long-term growth threshold below which an impairment charge would be recognized is in the region of 1.5%. Finally, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 percentage point, no impairment would have to be recognized.

Materis also carried out an impairment test on its CGUs as of December 31, 2012. In accordance with IAS 36, value in use was determined for each CGU and compared with its carrying value. The business plans used were prepared by Materis on the basis of the latest information available on each market underlying these CGUs. The long-term growth rate applied to post-business plan cash flows was between 2% and 3% depending on the country and the business. Discount rates averaged 9.8% and varied between 5.7% and 21%, depending on the country and the business. As a result of this test, Materis recognized a total of €85.8 million in impairment losses on goodwill and intangible assets in 2012, mainly on its Southern European CGUs. These impairment losses were maintained in Wendel's financial statements.

2. Stahl

A discount rate of 10.5% was used for Stahl (vs. 10.4% in 2011), and a long-term growth rate of 2.0% was applied to post-business plan cash flows (same rate as in 2011). The business plan covers a five-year period. Stahl's value in use, so calculated by Wendel, was above its carrying value as of December 31, 2012, and accordingly Wendel recognized no impairment. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment loss to be recognized at the Wendel level, the long-term growth rate would have to become negative, or the discount rate would have to change significantly (rate in the region of 20%). Moreover, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 percentage point, no impairment would have to be recognized. Separately, no impairment loss was recognized in Stahl's financial statements.

3. Parcours

A discount rate of 9.5% (9.7% in 2011) was used for Parcours and a long-term growth rate of 2% was applied to post-business plan cash flows. The business plan covers a five-year period. Parcours' value in use, so calculated by Wendel, was above its carrying value as of December 31, 2012, and accordingly Wendel recognized no impairment. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment loss to be recognized at the Wendel level, the long-term growth rate would have to become negative, or the discount rate would have to change significantly (rate in the region of 12%). Separately, no impairment loss was recognized in Parcours' financial statements.

4. Mecatherm

A discount rate of 9% was used for Mecatherm (same rate as in 2011), and a long-term growth rate of 2% was applied to post-business plan cash flows (same rate as in 2011). The business plan covers a five-year period. Mecatherm's value in use, so calculated by Wendel, was above its carrying value as of December 31, 2012, and accordingly Wendel recognized no impairment. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment loss to be recognized, the long-term growth rate would have to fall significantly (negative growth), or the discount rate would have to exceed 11%. Moreover, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 percentage point, no impairment would have to be recognized. Separately, no impairment loss was recognized in Mecatherm's financial statements.

NOTE 7 Intangible assets

In millions of euros	12/31/2012 Gross amount	Amortization and provisions	Net amount
Amortizable assets			
Internally generated	24.4	6.2	18.1
Acquired			
Concessions, patents and licenses	101.9	35.2	66.7
Customer relationships	1,208.4	704.0	504.3
Software	121.0	83.4	37.5
Other intangible assets	45.0	17.6	27.4
	1,476.3	**840.3**	**636.0**
Assets of indefinite useful life			
Acquired			
Brands	849.8	44.7	805.1
	849.8	**44.7**	**805.1**
TOTAL	**2,350.4**	**891.2**	**1,459.3**

In millions of euros	12/31/2011 Gross amount	Amortization and provisions	Net amount
Amortizable assets			
Internally generated	23.3	5.7	17.7
Acquired			
Concessions, patents and licenses	94.2	27.1	67.0
Customer relationships	1,113.7	601.8	511.9
Software	124.3	84.4	39.9
Other intangible assets	25.2	15.0	10.2
	1,357.3	**728.3**	**629.1**
Assets of indefinite useful life			
Acquired			
Brands	851.7	9.1	842.6
	851.7	**9.1**	**842.6**
TOTAL	**2,232.4**	**743.0**	**1,489.4**

The principal changes during the year were as follows:

In millions of euros	2012	2011
Amount at beginning of year	1,489.4	1,622.6
Acquisitions	9.6	18.1
Internally generated assets	4.4	0.8
Changes due to “Operations held for sale”	-	-192.3
Impact of business combinations (1)	121.0	112.8
Impact of currency translation adjustments and other	0.7	-4.9

Amortization and impairment losses for the year [2]	-165.8	-67.7
AMOUNT AT END OF YEAR	**1,459.3**	**1,489.4**
of which		
Bureau Veritas	*608.9*	*569.5*
Materis	*696.3*	*757.8*
Stahl	*69.1*	*74.2*
Oranje-Nassau Développement	*84.8*	*87.6*
Wendel and holding companies	*0.2*	*0.2*
Total	*1,459.3*	*1,489.4*

(1) In 2012, the impact of business combinations reflected mainly €114.3 million in acquisitions undertaken by Bureau Veritas.
(2) In particular, Materis recognized an impairment loss in 2012 of €53.9 million on brands and customer relations.

NOTE 8 Property, plant & equipment

	12/31/2012		
In millions of euros	Gross amount	Depreciation, amortization and provisions	Net amount
Land	97.7	5.7	92.0
Buildings	365.2	186.0	179.2
Plant, equipment and tooling	1,847.7	891.0	956.7
Other property, plant & equipment	659.6	405.4	254.2
Assets under construction	73.9	-	73.9
TOTAL	**3,044.1**	**1,488.1**	**1,556.0**

	12/31/2011		
In millions of euros	Gross amount	Depreciation, amortization and provisions	Net amount
Land	88.2	5.5	82.8
Buildings	356.1	179.5	176.6
Plant, equipment and tooling	1,711.8	815.0	896.8
Other property, plant & equipment	591.6	374.4	217.2
Assets under construction	61.6	-	61.6
TOTAL	**2,809.3**	**1,374.4**	**1,434.9**

Principal changes during the year and detail by company:

In millions of euros	2012	2011
Amount at beginning of year	1,434.9	988.4
Acquisitions (1)	458.6	371.6
Divestments	-10.5	-11.0
Changes due to "Operations held for sale"	-	-84.7
Impact of business combinations (2)	62.1	465.6
Parcours: reclassification in inventory of used vehicles (net) (3)	-89.0	-57.8
Impact of currency translation adjustments	-15.1	-6.4
Depreciation, amortization and provisions recognized during the year	-285.0	-230.8
AMOUNT AT END OF YEAR	**1,556.0**	**1,434.9**
Bureau Veritas	379.4	319.6
Materis	*564.7*	*530.0*
Stahl	*91.4*	*93.9*
Oranje-Nassau Développement	*513.2*	*484.0*
Wendel and holding companies	*7.3*	*7.5*
Total	*1,556.0*	*1,434.9*

The change in property, plant & equipment during 2012 derived principally from:

(1) Oranje-Nassau Développement (€238.9 million in vehicles acquired by Parcours), Bureau Veritas (€136.3 million) and Materis (€73.7 million).

(2) The impact of business combinations reflected mainly the impact of acquisitions undertaken by Materis (€43.2 million).

(3) Parcours' fleet of leased vehicles is recognized under property, plant & equipment. Second-hand vehicles returned by customers at contract termination are recognized on the balance sheet under "Inventories" before being sold.

NOTE 9 Equity-method investments

In millions of euros	12/31/2012	12/31/2011
Saint-Gobain	4,228.4	4,788.7
Legrand	145.3	141.7
exceet	53.8	57.5
Investments of Bureau Veritas	0.7	0.7
Investments of Materis	3.8	3.4
Investments of Stahl	2.1	2.1
TOTAL	**4,434.1**	**4,994.1**

The change in equity-method investments broke down as follows:

In millions of euros	2012
Amount at beginning of year	4,994.1
Share in net income for the year	
Saint-Gobain	50.5
Legrand	28.7
exceet	-3.3
Other	0.7
Dividends paid	-126.0
Impact of changes in currency translation adjustments	-9.8
Payment of a portion of the Wendel dividend in Legrand shares (1)	-8.9
Impairment of assets (2)	-414.0
Impact of dilution on the Saint-Gobain investment	-6.8
Other	-71.2
AMOUNT AT DECEMBER 31, 2012	**4,434.1**

(1) See note 2, "Changes in scope of consolidation".
(2) Impairment loss on Saint-Gobain.

Note 9-1 Additional information on Saint-Gobain

In millions of euros	12/31/2012	12/31/2011
Carrying values at 100%		
Total assets (Saint-Gobain) (3)	47,523	46,234
Impact of the revaluation of acquired assets and liabilities	4,052	4,522
Residual goodwill (excluding goodwill in Saint-Gobain's balance sheet) (1)	3,293	5,720
Non-controlling interests	412	403
Total liabilities (3)	29,672	28,016

	2012	2011
Net sales (2) (3)	43,198	42,116
Operating income (3)	2,881	3,441
Business income (3)	1,984	2,646
Recurring net income, group share (3)	1,126	1,736
Net income, group share (3)	766	1,284
Impact of the revaluation of acquired assets and liabilities	-470	-475

(1) Value of residual goodwill after impairment; see note 9-4.2 "Impairment test on Saint-Gobain, accounted for by the equity method".
(2) Net sales grew by 2.6% in 2012; organic growth fell by 1.9%.
(3) In Saint-Gobain's books, at 100%.

Note 9-2 Additional information on Legrand

In millions of euros	12/31/2012	12/31/2011
Carrying values at 100%		
Total assets (Legrand) [3]	6,731.5	6,655.5
Goodwill adjustment (Wendel)	-525.9	-526.6
Non-controlling interests [3]	5.5	3.4
Total liabilities [3]	3,540.9	3,706.3

	2012	2011
Net sales [1] [3]	4,466.7	4,250.1
Adjusted operating income [2] [3]	874.4	856.7
Operating income [3]	848.0	812.3
Net income, group share [3]	505.6	478.6

(1) Net sales grew by 5.1% in 2012; organic growth fell by 1.4%.
(2) Operating income restated for accounting items linked to the acquisition of Legrand France in 2002 and impairment of goodwill (zero in 2012; €15.9 million in 2011).
(3) In Legrand's books, at 100%.

Note 9-3 Additional information on exceet

In millions of euros	12/31/2012	12/31/2011
Carrying values at 100%		
Total assets (exceet) [2]	179.1	171.2
Goodwill adjustment (Wendel)	100.2	111.7
Non-controlling interests	-	-
Total liabilities [2]	90.2	85.6

	2012	2011 [1]
Net sales [2]	188.8	170.5
EBITDA [2]	16.8	24.5
Net income, group share [2]	3.4	14.9
Impact of the revaluation of acquired assets and liabilities	-12.9	-9.4

(1) Data for fiscal year 2011 are provided for comparison. exceet was consolidated from August 1, 2011.
(2) In exceet's books, at 100%.

Oranje-Nassau Développement's percentage interest (100% Wendel) in exceet Group SE is subject to the potentially dilutive effect of financial instruments issued by exceet.

In addition to the 20,073,695 listed shares in circulation (net of treasury shares), 5,708,427 of which are held by the Wendel group, exceet has issued the following financial instruments:

- 20,000,000 listed warrants giving access to the capital of exceet under the following terms:
  - 2 warrants for 1 exceet share,
  - exercise price of €12/share, and
  - a cashless exercise: upon exercise, the holders will not pay the exercise price in cash, but will receive exceet shares equal in value to the intrinsic value of a number of warrants given in exchange for the shares.

Ultimately, the maximum number of exceet shares to be issued is approximately 2.94 million. The Wendel group holds 6.75% of these warrants, which are recognized as financial assets at their fair value;

- 5,210,526 unlisted promoters' shares, of which 1,000,000 will be converted into listed shares if the share price reaches €12/share, 2,105,263 will be converted into listed shares if the share price reaches €14/share and 2,105,263 will be converted into listed shares if the share price reaches €16/share. They do not give dividend rights or rights to the net assets of exceet if they are not converted. These shares are held by the promoters of the Helikos project, including the Wendel group, which holds 75.8% of the shares. These instruments are accounted for as shareholders' equity and are thus recognized in Wendel's financial statements as part of the value of exceet shares accounted for by the equity method; and
- 9,000,000 unlisted, earn-out shares that can be converted into listed shares in three equal tranches, if the listed share price reaches the thresholds of €12, €13 and €15 per share. These earn-out shares do not give dividend rights or rights to the net assets of exceet if they are not converted. They are held by Ventizz, the other main shareholder of the exceet group.

All of these instruments mature in July 2016.

Note 9-4 Impairment tests on equity-method investments

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date the financial statements were finalized concerning situations existing at the end of December 2012. The uncertain global economic picture has complicated forecasting, and actual amounts could therefore be significantly different from the forecasts made under these tests. If so, values in use may also be different from those determined on the basis of assumptions and estimates at the end-December 2012 balance sheet date.

Note 9-4.1 Impairment test on Legrand shares, accounted for by the equity method

No indication of impairment was identified on Legrand, as its carrying value (€10.1 per share or €145 million for the shares Wendel holds) was far below its fair value (share price at year-end: €31.9 per share, or €460 million). As a result, no impairment was recognized.

Note 9-4.2 Impairment test on Saint-Gobain shares, accounted for by the equity method

An impairment test was performed on the Saint-Gobain shares, as their carrying amount in Wendel's consolidated financial statements, calculated according to the equity method, was higher than their market value.

In accordance with IAS 36, recoverable value was determined as the higher of (1) fair value, i.e. the share price at the balance sheet date (€32.2 per share, or €2,893.8 million for the 89.8 million Saint-Gobain shares accounted for under the equity method); and (2) value in use, i.e. the discounted value of future cash flows.

Wendel has performed this discounted cash flow valuation. The five-year business plan used in this calculation was prepared by Wendel using, among other things, research on the sector published by leading forecasters, Wendel's internal analyses and studies carried out by Wendel. The assumptions underlying the business plan (trends in underlying markets, price effects, etc.) were developed by sector and by country. The updated business plan for the 2012 calculation takes into account the divestment of Verallia North America (valued at sales price in the value in use calculation) and the prospects for 2013 announced by Saint-Gobain. In addition, Saint-Gobain announced that because of the deterioration in the global (and particularly European) economic environment in 2012, and the deep-seated uncertainties in the short-term macro-economic outlook, the group's 2015 financial targets set in 2010 are unlikely to be met at that date. Consequently, the business plan and final cashflow were also adjusted accordingly. With the exception of Verallia North America, the business plan included no potential divestments relating to packaging activities; and in accordance with IAS 36, no strategic acquisitions were included. Finally, the assumptions used in calculating post-business plan cash flows (i.e. growth in sales and normative profitability) are based on an analysis of the historical performances of Saint-Gobain's activities over more than 20 years.

The long-term growth rate applied to post-business plan cash flows is the same as that used at December 31, 2011: 2%. The discount rate used was also identical to that used at December 31, 2011: 8%. It was based, among other things, on market parameters (risk-free rate, market premium, beta of comparables) and took into account risks specific to the business plan.

As of December 31, 2012, the value in use was €47.1 per share and the gross carrying value was €51.7 per share. Accordingly, an impairment of €414 million was recognized in 2012 within "Net income from equity-method investments". The difference between the fair value (market price) and the value in use reflects Wendel's investment horizon and the significant influence Wendel exerts over Saint-Gobain.

Sensitivity analysis shows that if the discount rate were 0.5% higher, an additional impairment of €496 million would have to be recognized, and if the long-term growth rate were 0.5% lower, an additional impairment of €369 million would have to be recognized. For value in use to be equal to the gross carrying amount, the discount rate would have to be reduced to 7.6% or the long-term growth rate increased to 2.5%. If the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 percentage point, an additional impairment charge of €714 million would have to be recognized. Finally, the model as a whole is sensitive to the assumptions of the five-year business plan.

Note 9-4.3 Impairment test on exceet shares, accounted for by the equity method

An impairment test was performed inasmuch as the carrying value of these equity-accounted shares was higher than their market value.

In accordance with IAS 36, recoverable value was determined as the higher of (1) fair value, i.e. the share price at year-end (€22 million for the 5.7 million shares held), and (2) value in use, i.e. the discounted value of future cash flows.

Wendel has performed this discounted cash flow valuation. The business plan used covers an eight-year period, and in accordance with IAS 36, no strategic acquisitions are included in its assumptions. The long-term growth rate applied to post-business plan cash flows is the same as that used at December 31, 2011: 2%; and the discount rate is also identical to that used at December 31, 2011: 10%. The impact of dilutive instruments in exceet's capital was taken into account.

The calculated value in use was higher than the carrying value of the shares held. As a result, no impairment was recognized.

Sensitivity analysis shows that if the discount rate were 0.5% higher, if the long-term growth rate were 0.5% lower, or if the normative margin used for cash flows after the end of the eight-year business plan period were reduced by 1 percentage point, no impairment would have to be recognized. For an impairment charge to be recognized, the discount rate would have to exceed 11.1% or the long-term growth rate would have to be negative.

NOTE 10 Inventories

In millions of euros	12/31/2012 Gross amount	12/31/2012 Provisions	12/31/2012 Net amount	12/31/2011 Net amount
At:				
Bureau Veritas	8.7	-	8.6	5.3
Materis	295.4	20.8	274.7	272.2
Stahl	51.8	3.9	47.9	44.3
Oranje-Nassau Développement	36.7	1.2	35.6	32.3
TOTAL	**392.6**	**25.9**	**366.7**	**354.1**

NOTE 11 Trade receivables

In millions of euros	12/31/2012 Gross amount	12/31/2012 Provisions	12/31/2012 Net amount	12/31/2011 Net amount
At:				
Bureau Veritas	1,017.6	76.8	940.7	878.5
Materis	377.2	43.0	334.2	338.5
Stahl	70.3	4.0	66.2	68.7
Oranje-Nassau Développement	76.1	4.6	71.5	62.5
Wendel and holding companies	0.3	0.1	0.1	0.3
TOTAL	**1,541.4**	**128.6**	**1,412.8**	**1,348.6**

Unprovisioned past-due trade receivables and related accounts for the largest subsidiaries were as follows:

- Bureau Veritas: €423.1 million as of December 31, 2012 vs. €359.0 million as of December 31, 2011, of which €106.0 million and €97.7 million, respectively, were more than three months past due;
- Materis: €97.1 million as of December 31, 2012 vs. €94.0 million as of December 31, 2011, of which €26.8 million and €25.6 million, respectively, were more than three months past due.

NOTE 12 Cash and cash equivalents

In millions of euros	12/31/2012 Net amount	12/31/2011 Net amount
Pledged cash and cash equivalents of Wendel and its holding companies, classified as non-current assets (1)	3.4	146.6
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets	486.1	437.5
Cash and cash equivalents of Wendel and its holding companies (2)	**489.5**	**584.1**
Bureau Veritas	243.5	244.1
Materis	71.4	83.6
Stahl	33.7	20.3
Oranje-Nassau Développement	11.3	11.2
Cash and cash equivalents of subsidiaries classified as current assets	**359.8**	**359.2**
TOTAL	**849.3**	**943.3**
of which non-current assets	***3.4***	***146.6***
of which current assets	***845.9***	***796.7***

(1) Cash collateral granted to banks as part of the financing of the Eufor group (see note 40 "Off-balance-sheet commitments" and Note 5-2 "Managing liquidity risk").

(2) In addition to this cash, Wendel had €340.5 million in short-term financial investments as of December 31, 2012 and €270.9 million as of December 31, 2011, recognized in other current financial assets (see note 5-2.1 "Wendel's liquidity risk").

NOTE 13 Financial assets and liabilities (excl. financial debt and operating receivables and payables)

Note 13-1 Financial assets

In millions of euros	Method for recognizing changes	Level	12/31/2012	12/31/2011
Pledged cash and cash equivalents of Wendel and holding companies – A	Income statement (1)	1	3.4	146.6
Unpledged cash and cash equivalents of Wendel and its holding companies	Income statement (1)	1	486.1	437.4
Wendel's short-term financial investments	Income statement (1)	2	329.2	270.9
Assets held until maturity	Amortized cost	N/A	11.2	-
Cash and short-term financial investments of Wendel and its holding companies			**829.9**	**855.0**
Cash and cash equivalents of subsidiaries	Income statement (1)	1	359.8	359.2
Assets available for sale	Shareholders' equity (2)	3	5.9	6.8
Financial assets at fair value through profit or loss – B	Income statement (1)	1	81.2	74.6
Loans – C	Amortized cost	N/A	20.3	2.2
Deposits and guarantees	Amortized cost	N/A	55.2	34.0
Derivatives – D	Income statement (1)/ Sh. equity (2)	See D	40.2	104.4
Other			26.8	36.8
TOTAL			**1,419.4**	**1,472.9**
of which non-current financial assets, including pledged cash and cash equivalents			***118.0***	***281.4***
of which current financial assets, including cash and cash equivalents			***1,301.4***	***1,191.5***

(1) Change in fair value through profit or loss.
(2) Change in fair value through shareholders' equity.

Note 13-2 Financial liabilities

In millions of euros	Method for recognizing changes	Level	12/31/2012	12/31/2011
Derivatives – D	Income statement (1)/ Sh. equity (2)	See D	235.9	304.9
Other (incl. puts held by non-controlling shareholders) – E	N/A	N/A	119.6	99.4
TOTAL			**355.5**	**404.3**
of which non-current financial liabilities			***129.2***	***130.6***
of which current financial liabilities			***226.4***	***273.7***

(1) Change in fair value through profit or loss.
(2) Change in fair value through shareholders' equity.

Note 13-3 Details of financial assets and liabilities

A – Cash and cash equivalents (pledged and unpledged): pledged cash and cash equivalents are presented as non-current financial assets as they are not immediately available (see note 12 "Cash and cash equivalents").

B – This line item includes **1,910,000 Saint-Gobain shares** (0.4% of share capital) purchased on the market in August 2011 for €63.1 million. This acquisition was carried out to take advantage of the price of Saint-Gobain shares resulting from the drop in financial markets in the summer of 2011. Wendel's objective is to resell these shares when an opportunity presents itself rather than to hold them for the long term. Accordingly, they are not accounted for by the equity method, but are recognized as current financial assets, measured at fair value (market price) at each closing. As of December 31, 2012 they were valued at €61.5 million, vs. €56.7 million at the start of the fiscal year. The change in fair value of €4.9 million is recognized within financial income.

C – Loan: includes the €19.2 million ($25 million) loan extended to IHS in 2012 as part of the agreements for the investment planned in 2013 (see note 42 "Subsequent events"). This loan was converted into capital at the beginning of 2013.

D – Derivatives:

		12/31/2012		12/31/2011	
In millions of euros		Assets	Liabilities	Assets	Liabilities
Saint-Gobain puts (written) (1)	2	-	182.4	-	194.3
Economically neutral *put* positions, March 2012 maturity	2	-	-	41.9	41.9
Commodity derivatives - hedging of cash flows	2	-	-	-	1.7
Interest rate swaps - hedging of cash flows (2)	2	20.6	13.9	43.4	30.7
Interest rate swaps - not qualifying for hedge accounting (2)	2	14.7	37.6	15.4	34.0
Other derivatives – not qualifying for hedge accounting	2	4.9	2.0	3.7	2.3
TOTAL		**40.2**	**235.9**	**104.4**	**304.9**
Of which:					
Non-current portion		37.1	83.2	61.9	95.5
Current portion		3.1	152.6	42.5	209.3

(1) See description of puts in the following note.
(2) See description of swaps in the following note.

E – Other financial liabilities: includes €59.0 million in earn-outs in the Group's operating subsidiaries.

Note 13-4 Put options issued (written) on Saint-Gobain shares

Wendel issued (wrote) 6.1 million puts on Saint-Gobain in 2007, whose value at the end of 2012 was a liability of €182.4 million, vs. a liability of €194.3 million at the opening date. The change in value of these puts is recognized on the income statement.

Their carrying value is based on a mathematical model used to value options, which takes into account the market parameters prevailing at the balance sheet date, including share price, volatility, and liquidity of the underlyings. A change of +/-5% in Saint-Gobain's share price would have led to a change in the carrying value as of the closing date of approximately +/- €9 million, recognized on the income statement.

After an initial 12-month extension in 2011 of the maturity dates of puts issued on Saint-Gobain shares, all maturities were extended for another 12 months in the summer of 2012. The new maturity dates range from September 2013 to March 2014. This extension was carried out so as to enable Wendel to take advantage of Saint-Gobain's growth prospects. Wendel believes these prospects will cause the share price to rise between now and the new maturity dates, enabling it to reduce the liability related to these puts.

Note 13-5 Interest rate swaps and foreign exchange hedges

The value of interest rate swaps is calculated by the counterparties on the basis of the yield curve at the balance sheet date and the present value of cash flows expected from the contracts.

Notional amount	Characteristics (1)	Qualified as	Start (1)	Maturity (1)	12/31/2012	12/31/2011
	sign convention: (+) asset, (-) liability					
Hedging of bonds carried by Wendel						
€100 million	Pay 3.98% against 4.21%		pre-closing	05-2016	0.8	1.0
€300 million	3.40% if < 1.70%. Pay 12-month Euribor +0.93% between 1.70% and 2.60%, and 3.53% if > 2.60%. Coupon: 3.49%		pre-closing	08-2017	0.8	2.1
					1.5	**3.1**
Hedging of Eufor's bank debt (2)						
€200 million	Pay 1.77% against Euribor	Hedge	pre-closing	02-2014	-3.5	
€400 million	Pay 1.06% against Euribor	Hedge	01-2014	01-2016	-5.3	
€800 million	Pay 1.69% against Euribor		pre-closing	12-2013	-11.9	
€400 million	Pay 1.02% against Euribor		02-2014	02-2016	-4.8	
					-25.5	**-30.3**
Hedging of subsidiaries' debt						
€50 million	Pay 3.47% against Euribor		pre-closing	06-2013	-0.8	
€70 million	Pay 4.64% against Euribor		pre-closing	04-2013	-1.0	
€900 million	0.77% cap on Euribor		10-2013	01-2015	0.8	
€250 million	Pay 1.82% against Euribor	Hedge	pre-closing	04-2013	-2.1	
$95 million	Pay 2.73% against Libor		pre-closing	12-2014	-3.4	
€42 million	Pay 1.38% against Euribor		pre-closing	01-2015	-1.0	
Other derivatives					-1.6	
					-9.0	**-16.2**
	Cross currency swaps (3)	Hedge			17.7	39.6
	Cross currency swaps (3)				-0.9	-2.0
TOTAL					**-16.2**	**-5.8**

(1) The positions indicated in this table are aggregations of several similar contracts. The characteristics are therefore weighted averages.

(2) These swaps cover the risk of fluctuation in interest rates paid on floating rate bank borrowings. To manage its interest rate risk, Wendel took advantage of historically low rates to set up swaps with a notional value of €800 million, which extend the maturity of hedges against interest-rate fluctuations to 2014 and 2015. The net value of all swaps as of December 31, 2012 was -€25.5 million, vs. -€30.3 million at end-2011. The change in value of all swaps qualified as hedges and recognized under shareholders' equity was +€3.7 million for fiscal year 2012. The change in the value of non-qualified instruments and partially-effective hedges recognized through profit or loss was +€1.1 million. Finally, following the repayment of bank debt during the period, certain swaps were dequalified. As a result, €8.2 million in cumulative expenses recognized in hedging reserves were passed through the income statement. Overall, hedging reserves increased by €11.9 million and net income was reduced by €7.1 million.

(3) Bureau Veritas: a currency hedge was set up on the US private placement debt (see note 16 "Financial debt") denominated in US dollars and pounds sterling, as well as on part of the bank debt tranche amortizable in US dollars, so as to convert the debt into euros. Any change in the value of these instruments is recognized in shareholders' equity and passed through profit or loss over the life of the loans.

NOTE 14 Shareholders' equity

Note 14-1 Number of shares outstanding

	Par value	Total number of shares	Treasury shares	Number of shares outstanding
As of 12/31/2011	€4	50,560,975	2,114,155	48,446,820
As of 12/31/2012	€4	49,543,641	1,737,498	47,806,143

The net reduction of 1,017,334 shares was due to:

- the exercise of stock options (26,262 shares);
- subscriptions to the company savings plan (35,417 shares); and
- the cancellation of 1,079,013 shares.

Note 14-2 Treasury shares

There was no change from end-2011 in the number of shares held for the purposes of the liquidity contract, i.e. 150,000 shares as of December 31, 2012 (unit cost: €75.26 per share).

As of December 31, 2012, Wendel held 1,587,498 of its shares in treasury outside the context of the liquidity contract (1,964,155 as of December 31, 2011). These treasury shares are used in particular to cover stock option exercises and grants of bonus and performance shares.

The net reduction of 376,657 shares was due to:

- the purchase of 985,338 shares during the year;
- the cancellation of 1,079,013 shares;
- the transfer of 237,887 shares allocated to bonus and performance share plans; and
- the sale of 45,095 shares to satisfy the exercise of stock options.

In total, shares held in treasury represented 3.51% of the share capital as of December 31, 2012.

Note 14-3 Principal items in the statement of comprehensive income

In millions of euros	Assets available for sale	Qualified hedges	Deferred taxes	Total Group share	Non-controlling interests	Total shareholders' equity
AS OF 12/31/2010	**4.4**	**-50.7**	**-0.6**	**-46.9**	**35.2**	**-11.7**
Changes in fair value during the year	0.8	28.7	-4.1	25.4	-2.6	22.8
Amount recognized on the income statement	-1.7	16.5	-	14.9	-	14.9
Other	-	-0.5	-	-0.5	-	-0.5
AS OF 12/31/2011	**3.5**	**-6.0**	**-4.7**	**-7.2**	**32.6**	**25.4**
Changes in fair value during the year	-1.3	-3.9	0.2	-5.0	-4.9	-9.9
Amount recognized on the income statement	-	13.6	-	13.6	-	13.6
Other	-	-4.1	-	-4.1	-	-4.1
AS OF 12/31/2012	**2.2**	**-0.4**	**-4.5**	**-2.7**	**27.7**	**25.0**

Note 14-4 Non-controlling interests

In millions of euros	12/31/2012	12/31/2011
Bureau Veritas group	653.7	614.5
Deutsch group	-	-3.7
Materis group	-45.2	-19.5
Stahl group	-0.3	-0.5
Parcours group	2.2	2.0
Mecatherm group	3.0	3.0
Other	4.5	8.2
TOTAL	**617.9**	**604.0**

NOTE 15 Provisions

In millions of euros	12/31/2012	12/31/2011
Provisions for risks and contingencies	116.9	129.2
Employee benefits	192.8	152.9
TOTAL	**309.8**	**282.1**
Of which non-current	*302.8*	*273.9*
Of which current	*7.0*	*8.2*

Note 15-1 Provisions for risks and contingencies

In millions of euros	12/31/2011	Additions	Reversals: used	Reversals: unused	Impact of discounting	Business combinations/ divestments	Translation adjustments, reclassifications	12/31/2012
Bureau Veritas [1]								
Disputes and litigation	55.5	6.0	-5.4	-6.9	0.9	1.4	-0.9	50.6
Other	25.6	13.0	-15.0	-3.9	-	-	0.9	20.6
Materis	15.7	5.2	-2.9	-0.8	-	0.9	-1.4	16.7
Stahl	1.5	0.1	-0.2	-0.5	-	-	-	0.8
Oranje-Nassau Développement	4.8	3.5	-3.2	-	-	-	-0.3	4.8
Wendel and holding companies [2]	26.1	3.1	-2.8	-3.0	-	-	-	23.4
TOTAL	**129.2**	**30.9**	**-29.5**	**-15.1**	**0.9**	**2.3**	**-1.7**	**116.9**
of which current	**8.2**							**7.0**

In millions of euros	12/31/2010	Additions	Reversals: used	Reversals: unused	Impact of discounting	Business combinations/ divestments	Translation adjustments, reclassifications	12/31/2011
Bureau Veritas (1)								
Disputes and litigation	74.7	6.7	-15.8	-9.0	0.5	-	-1.6	55.5
Other	26.4	11.7	-10.8	-7.2	-	-	5.5	25.6
Deutsch	4.7	-	-	-	-	-4.7	-	-
Materis	17.4	2.9	-4.4	-0.7	-	0.7	-0.2	15.7
Stahl	2.2	0.6	-1.1	-0.1	-	-	-	1.5
Oranje-Nassau Développement	-	2.6	-1.1	-	-	3.3	-	4.8
Wendel and holding companies (2)	29.6	0.3	-3.6	-0.2	-	-	-	26.1
TOTAL	**155.0**	**24.8**	**-36.8**	**-17.2**	**0.5**	**-0.7**	**3.7**	**129.2**
of which current	**7.5**							**8.2**

(1) In the normal course of its activities, Bureau Veritas is party to various disputes and legal actions that aim, among other things, to invoke its professional liability with regard to services it has provided. While Bureau Veritas pays the greatest attention to risk control and the quality of its services, some of those services can give rise to claims and result in financial penalties. Provisions have been recognized on the losses that may result from such litigation. The amount recognized is the best estimate of the amount necessary for extinguishing the debt, updated at the closing date. The costs that Bureau Veritas might be required to pay could exceed the amount of the provision for litigation due to a number of factors, in particular the uncertain outcome of litigation.

Provisions for risks and contingencies on the balance sheet as of December 31, 2012 related principally to the following disputes:

- a claim relating to the construction of a hotel and retail complex in Turkey; and
- a claim pertaining to the crash of a Gabon Express flight.

(2) The principal disputes, claims and risks identified for Wendel and its holding companies are as follows:

- a provision is maintained for an environmental risk concerning polluted land which belonged to a Group subsidiary whose operations were discontinued in 1967.
- in November 2012, the Court of Justice of the European Union upheld the September 13, 2010 judgment of the General Court of the European Union on the appeal by Éditions Odile Jacob, which annulled the European Commission's 2004 decision authorizing Lagardère to sell the publishing company Editis to Wendel. This authorization was granted in the context of commitments made by Lagardère to obtain the European Commission's approval for the Lagardère/VUP transaction.

In the meantime, in May 2011, the European Commission granted a new authorization to Wendel, as acquirer of Editis, with effect as of the date of the acquisition. In September 2011, Éditions Odile Jacob filed an appeal against this decision before the General Court of the European Union. The case is pending.

Éditions Odile Jacob also brought an action against Wendel and other parties in October 2010 before the Paris Commercial Court, seeking the annulment of Wendel's acquisition of Editis in 2004 and its subsequent sale of Editis in 2008. In December 2011, the Paris Commercial Court issued a stay of proceedings, pending the EU decisions.

Wendel considers that the claims of Éditions Odile Jacob are unfounded and has not recognized any provision related to this dispute.

- The European Commission notified Wendel in 2012 of a pending competition investigation regarding a company in which the Group was a shareholder and which was divested several years ago. As of the date the financial statements were finalized, Wendel had no information about the timing or potential next actions of this investigation. Accordingly, no provision has been recognized for this litigation.
- Two former management-level employees are claiming €10.7 million in damages (subject to adjustment) in the Paris Commercial Court for the losses they allege to have suffered as a result of the unwinding of a mechanism under which Wendel executives benefited from the Group's performance. In addition, one of these former employees, dismissed in June 2009, has lodged several claims with the labor conciliation board (Conseil des Prud'hommes) for a total of €4.2 million. Wendel has raised counterclaims, notably for the damage caused to its image by these actions. These various cases are pending. The Company considers the claims of these former employees to be unfounded and, accordingly, has not recognized any related provision.

- In 2008, Wendel filed an appeal for abuse of power against a decision of the tax authority concerning an authorization to benefit from suspended tax treatment when Wendel and two of its subsidiaries contributed their Bureau Veritas shares to the latter's IPO. The Paris Administrative Court rejected the appeal in its ruling of February 15, 2011, against which Wendel filed an appeal to the Paris Administrative Appeal Court.
- Wendel and certain Group holding companies have received proposed tax adjustments from the tax authority. Certain of these adjustments have been accepted, and others will be challenged before the competent authorities if no agreement is reached with the tax authority. The accepted adjustments, which mainly relate to corporate tax, principally concern the treatment of intragroup provisions. The provisions no longer deductible for tax purposes will be reversed in the future with no tax impact, such that these adjustments will have a neutral effect overall. Initially, these provisions affect only the tax loss carryforwards and have no impact on the cash position. A provision has been recognized for the adjustments relating to taxes other than corporate tax (payroll tax, VAT). Overall, taking all of the adjustments into account, Wendel does not expect to have any significant cash outflow. None of the adjustments is either directly or indirectly related to Wendel's divestment of Solfur; the tax authority has examined the terms of this transaction and has taken no further action on it.

Note 15-2 Employee benefits

In millions of euros	12/31/2012	12/31/2011
Defined-benefit plans	94.7	77.9
Retirement bonuses	64.4	48.6
Other	33.8	26.5
TOTAL	**192.8**	**152.9**
Of which non-current	*192.8*	*152.9*
Of which current	-	-

The breakdown by subsidiary was as follows:

In millions of euros	12/31/2012	12/31/2011
Bureau Veritas	124.6	104.8
Materis	50.8	37.7
Stahl	7.2	5.7
Oranje-Nassau Développement	2.3	1.9
Wendel and holding companies (1)	7.9	2.8
	192.8	**152.9**

(1) Including €7.0 million relating to Oranje-Nassau Groep as of December 31, 2012 (€1.9 million as of December 31, 2011).

The change in provisions for employee benefits broke down as follows for 2012:

In millions of euros	12/31/2011	Service costs	Actuarial gains and losses	Benefits paid	Interest cost	Curtailment and settlement	Business combinations	Translation adjustments and other	12/31/2012
Commitments									
Defined-benefit plans	234.1	5.9	34.7	-8.1	9.9	-26.2	-0.0	-11.1	239.2
Retirement bonuses	100.3	7.0	18.1	-6.7	4.1	1.8	0.4	1.6	126.5
Other	32.7	3.0	3.2	-1.5	1.5	0.0	0.2	0.9	40.0
	367.1	**15.9**	**56.1**	**-16.4**	**15.4**	**-24.4**	**0.5**	**-8.6**	**405.7**

In millions of euros	12/31/2011	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses	Business combinations	Translation adjustments and other	12/31/2012
Partially-funded plan assets								
Defined-benefit plans	181.5	6.9	14.3	13.5	-4.4	-	-33.7	178.1
Retirement bonuses	27.7	1.4	0.6	-	-	-	-	29.8
Other	5.0	0.3	-	-	-0.4	-	-	4.9
	214.2	**8.7**	**14.9**	**13.5**	**-4.8**	**-**	**-33.7**	**212.8**
Provision for employee benefits	**152.9**							**192.8**

The change in provisions for employee benefits broke down as follows for 2011:

In millions of euros	12/31/2010	Service costs	Actuarial gains and losses	Benefits paid	Interest cost	Curtailment and settlement	Business combinations	Translation adjustments and other	12/31/2011
Commitments									
Defined-benefit plans	267.3	7.3	-9.4	-7.7	9.9	-	-33.8	0.5	234.1
Retirement bonuses	91.2	7.3	1.8	-8.2	3.8	1.1	1.5	1.7	100.3
Other	31.2	2.1	2.1	-3.8	1.4	-0.0	-0.3	0.0	32.7
	389.7	**16.7**	**-5.5**	**-19.8**	**15.2**	**1.1**	**-32.6**	**2.3**	**367.1**

In millions of euros	12/31/2010	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses	Business combinations	Translation adjustments and other	12/31/2011
Partially-funded plan assets								
Defined-benefit plans	192.6	7.3	7.1	1.0	-4.3	-20.9	-1.3	181.5
Retirement bonuses	26.9	1.4	-0.6	-	-	-0.0	-	27.7
Other	5.6	0.5	-	-	-1.0	-	-	5.0
	225.1	**9.2**	**6.4**	**1.0**	**-5.3**	**-21.0**	**-1.3**	**214.2**
Provision for employee benefits	**164.6**							**152.9**

Liabilities on defined-benefit plans broke down as follows:

In millions of euros	12/31/2012	12/31/2011
Fully unfunded liabilities	82.6	63.2
Partially or fully-funded liabilities	323.0	303.6
TOTAL	**405.7**	**367.1**

Assets of defined-benefit plans broke down as follows as of December 31, 2012:

	2012	2011
Insurance company funds	48%	42%
Equity instruments	17%	18%
Debt instruments	27%	32%
Cash and other	8%	8%

Expenses recognized on the income statement broke down as follows:

In millions of euros	2012	2011
Expenses recognized on the income statement with respect to defined-benefit plans		
Service costs during the year	15.9	16.7
Interest costs	15.4	15.2
Expected return on plan assets	-8.7	-9.2
Past service costs	0.4	0.2
Impact of plan curtailments or settlements	3.3	1.5
TOTAL	**26.3**	**24.5**
Expenses recognized on the income statement with respect to defined-contribution plans	**67.3**	**60.9**

1. Commitment characteristics and actuarial assumptions applied at Bureau Veritas

Employee benefits at Bureau Veritas included the following defined-benefit plans:

- pension plans, most of which have been closed for several years. Pension plans are generally unfunded, with the exception of a very limited number of plans financed by contributions paid to insurance companies and valued on the basis of periodic actuarial calculations;
- retirement bonuses;
- long-service awards.

The principal actuarial assumptions used to calculate these commitments are as follows: average discount rate = 3.5%; average salary increase rate = 2.6% (Germany: 2.5%, France: 3.3%, Italy: 2.0%, Netherlands: 2.0%, United Kingdom: 2.9%).

2. Commitment characteristics and actuarial assumptions applied at Materis

Retirement benefits are calculated mainly on the basis of employees' seniority when they retire. These plans concern France, the United States, Belgium, Portugal, Italy, Brazil and South Africa. Actuarial assumptions vary from one country to another. The main assumptions were as follows: discount rate between 2.8% (Europe) and 8.4% (Brazil), inflation rate between 2.0% (Europe) and 5.6% (South Africa), salary increase rate between 2.3% (Europe) and 7.1% (Brazil), and return on assets between 2.8% (Europe) and 8.4% (Brazil).

3. Commitment characteristics and actuarial assumptions applied at Stahl

Stahl employee benefits in the Netherlands, Italy, the United Kingdom, the United States and Mexico concern the following defined-benefit plans, depending on the country:

- partially-funded retirement plans;
- retirement bonuses, in particular in Italy;
- long-service awards.

Its main actuarial assumptions were as follows: discount rate of 3.6% and average inflation rate of 2.2%.

4. Commitment characteristics and actuarial assumptions applied at Wendel

The retirement plan set up in 1947 by "Les Petit-fils de François de Wendel et Cie", which has since become Wendel, is a defined-benefit plan that was closed to new entrants on December 31, 1998. It still covers employees who worked in the Company prior to that date, provided they retire while employed by the Company. Its main actuarial assumptions are as follows: discount rate: 3.0%; inflation rate: 1.5%; salary increase rate: between 1.5% and 3.0% depending on category; employee turnover rate: inversely proportional to age.

NOTE 16 Financial debt

For a description of the terms of financial debt and related covenants, see note 5-2 “Managing liquidity risk”.

In millions of euros	Currency	Coupon rate	Effective interest rate [2]	Maturity	Repayment	Overall line	12/31/2012	12/31/2011
Wendel								
2014 bonds	EUR	4.875%	4.930%	11-2014	*at maturity*		291.9	393.5
2014 bonds – tranche 2	EUR	4.875%	8.777%	11-2014	*at maturity*		300.0	300.0
2015 bonds	EUR	4.875%	4.910%	09-2015	*at maturity*		400.0	400.0
2016 bonds	EUR	4.875%	5.020%	05-2016	*at maturity*		354.2	392.6
2016 bonds – tranche 2	EUR	4.875%	6.142%	05-2016	*at maturity*		300.0	300.0
2017 bonds	EUR	4.375%	4.460%	08-2017	*at maturity*		292.0	292.0
2017 bonds – tranche 2	EUR	4.375%	5.730%	08-2017	*at maturity*		400.0	400.0
2018 bonds	EUR	6.750%	6.949%	04-2018	*at maturity*		300.0	300.0
2019 bonds	EUR	5.875%	5.982%	09-2019	*at maturity*		400.0	-
Syndicated loan	EUR	Euribor+margin		09-2013	*revolving credit*	€950 M	-	250.0
	EUR	Euribor+margin		09-2014	*revolving credit*	€250 M	250.0	250.0
Amortized cost of bonds							-56.7	-75.2
Accrued interest							59.5	56.8
							3,291.0	**3,259.7**
Eufor (Saint-Gobain investment financing)								
Bank borrowings	EUR					€0 M	-	560.0
Bank borrowings [1]	EUR	Euribor+margin		01-2016, 01-2017	amortizing	€875 M	425.0	425.0
Bank borrowings [1]	EUR	Euribor+margin		06-2015	*at maturity*		200.0	400.0
Bank borrowings [1]	EUR	Euribor+margin		07-2017	*revolving credit*	€700 M	-	-
Deferred issuance costs							-1.6	-
Accrued interest							8.3	14.5
							631.7	**1,399.5**
Holding companies								
Loans from non-controlling shareholders							14.4	13.5
							14.4	**13.5**
Bureau Veritas								
2017 bonds	EUR	3.750%		05-2017	*at maturity*		500.0	-
Bank borrowings	USD	Libor+margin		05-2013	amortizing		31.2	95.1
Bank borrowings	EUR	Euribor+margin		05-2013	amortizing		1.7	5.0
Bank borrowings	EUR	Euribor+margin		05-2013	*at maturity*		-	84.0
Bank borrowings	GBP	Libor+margin		05-2013	*at maturity*	€200 M	-	20.4
Bank borrowings	USD	Libor+margin		05-2013	*at maturity*		58.1	230.0
Bank borrowings	EUR	Euribor+margin		10-2012	*at maturity*		-	150.0
Bank borrowings	EUR	Euribor+margin		07-2017	*revolving credit*	€450 M	-	-
French private placement	EUR	Euribor+margin		06-2015	*at maturity*	€175 M	50.0	50.0
US private placement	EUR	Fixed		07-2019	*at maturity*		184.1	184.1
US private placement	USD	Fixed		07-2018, 07-2020	amortizing		201.6	205.6
US private placement	GBP	Fixed		07-2018, 07-2020	amortizing		77.2	75.4
US private placement	USD	Fixed		10-2021	*at maturity*	$200 M	75.8	77.3
German private placement	EUR	Euribor+margin		06-2015, 12-2016	amortizing		193.0	54.0

In millions of euros	Currency	Coupon rate	Effective interest rate [2]	Maturity	Repayment	Overall line	12/31/2012	12/31/2011
Deferred issuance costs							-8.7	-2.8
Other borrowings and accrued interest							47.0	37.4
							1,411.0	**1,265.6**
Materis								
Bank borrowings (maturity not extended)	EUR	Euribor+margin		04-2013 to 10-2015	amortizing		125.6	1,404.5
Bank borrowings (mezzanine PIK)	EUR	Euribor+margin		12-2016	*at maturity*		425.7	380.2
Bank borrowings (second lien)	EUR	Euribor+margin		03-2016	*at maturity*		138.3	-
Bank borrowings (senior A)	EUR	Euribor+margin		09-2015	*at maturity*		146.6	-
Bank borrowings (senior B)	EUR	Euribor+margin		01-2016	*at maturity*		338.1	-
Bank borrowings (senior C)	EUR	Euribor+margin		01-2016	*at maturity*		378.6	-
Bank borrowings	EUR	Euribor+margin		09-2015	*at maturity*	€133.2 M	62.7	-
Bank borrowings (*revolving credit 2*)	EUR	Euribor+margin		09-2015	*revolving credit*	€111.5 M	54.8	-
Bank borrowings (acquisition)	EUR	Euribor+margin		09-2015	*at maturity*		108.5	-
Bank borrowings (acquisition 2)	EUR	Euribor+margin		01-2016	*at maturity*	€100 M	88.8	48.6
Deferred issuance costs							-33.0	-24.6
Shareholder loans							60.6	50.2
Other borrowings and accrued interest							116.7	89.5
							2,011.9	**1,948.4**
Stahl								
Bank borrowings (second lien PIK)	USD	Fixed		12-2017	*at maturity*		57.1	53.8
Bank borrowings (senior A)	USD	Libor+margin		12-2014	amortizing		94.8	102.0
Bank borrowings (senior B)	EUR	Euribor+margin		12-2014	amortizing		40.2	42.4
Bank borrowings (*revolving credit*)	USD	Libor+margin		11-2014	*revolving credit*	$36 M	-	4.6
Deferred issuance costs							-	-
Shareholder loans							4.7	4.3
Other borrowings and accrued interest							1.6	2.3
							198.5	**209.4**
Parcours								
Bank borrowings	EUR	Euribor+margin			amortizing		396.9	352.7
Other borrowings and accrued interest							12.2	19.1
							409.2	**371.8**
Mecatherm								
Bank borrowings (senior)	EUR	Euribor+margin			amortizing		62.7	66.0
Bank borrowings					*revolving credit*		2.6	-
Deferred issuance costs							-2.4	-3.1
Other borrowings and accrued interest							4.0	2.2
							66.9	**65.1**
TOTAL							**8,034.4**	**8,533.0**
of which non-current portion							7,483.1	7,937.3
of which current portion							551.3	595.6

(1) These loans were granted by the banks in the form of combined financial instruments, contractually linked and indissociable so as to enable the repayment of the funds made available by the banks. The combination of these instruments is equivalent to a conventional bank loan.

(2) The effective interest rate is calculated inclusive of issue premiums/discounts and bank issuance fees.

Note 16-1 Principal changes during 2012

Note 16-1.1 Wendel

Half of the €1,200 million syndicated credit (€950 million maturing in September 2013 and €250 million maturing in September 2014), which was drawn down by €500 million at the start of 2012, was repaid during the first half of 2012 (see note 5-2.1 "Managing debt" for Wendel and its holding companies).

In September 2012, Wendel issued new bonds with a coupon of 5.875%, maturing in 2019, at very favorable terms. The issue was six times oversubscribed.

Finally, as part of the active management of its financial structure, Wendel repurchased and canceled part of its outstanding bonds during fiscal year 2012:

- €101.6 million (par value) of the 2014 bonds were repurchased for €104.6 million, thereby reducing the par value of these bonds still outstanding to €591.9 million as of end-2012; and
- €38.5 million (par value) of the 2016 bonds were repurchased for €37.9 million, thereby reducing the par value of these bonds still outstanding to €654.2 million as of end-2012.

The difference between the par value and the repurchase price was recognized under financial income.

Repurchasing of the bonds continued into January and February 2013: €12.8 million (par value) of the 2014 bonds and €6.5 million of the 2015 bonds.

Note 16-1.2 Eufor group (Saint-Gobain investment financing)

At the end of 2012, the Eufor group's bank debt was €625 million. It was significantly reduced during fiscal year 2012 following the repayment of €760 million of borrowings maturing in 2014 and 2015 (see note 5-2.1 "Managing debt" relating to Wendel and its holding companies).

In addition, during the summer of 2012, the €1,100 million line of credit available with margin calls and maturing in 2013-2014 was replaced by a new, €700 million undrawn revolving line maturing in 2017. Through this transaction, Wendel has extended the average maturity of the lines of credit with margin calls available to Eufor, adjusted the amount of this credit to the Group's needs and reduced future interest costs.

Note 16-1.3 Bureau Veritas

The gross debt of Bureau Veritas increased by €145 million in 2012, primarily due to the financing of acquisitions.

In 2012, Bureau Veritas carried out an inaugural, unrated bond issue maturing in May 2017 for an amount of €500 million. Bureau Veritas also arranged a new five-year syndicated revolving credit facility totaling €450 million (undrawn at the year-end).

Note 16-1.4 Materis

Materis has successfully renegotiated the terms of its bank debt, in particular securing its liquidity until 2015-16 (see note 5-2 "Managing liquidity risk").

Note 16-2 Financial debt maturity schedule

In millions of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Wendel par value (1)	-	-2,588	-700	-3,288
Eufor par value	-	-625	-	-625
Wendel and Eufor interest (2)	-269	-486	-46	-802
Subsidiaries and associates				
• par value	-475	-2,904	-638	-4,017
• interest (2)	-145	-669	-41	-855
TOTAL	**-889**	**-7,272**	**-1,425**	**-9,586**

(1) *The schedule showing the par values of Wendel's debt does not take into account the puts issued. The amount to be paid out on these puts depends on the Saint-Gobain share price at maturity. As of December 31, 2012, the market value of these puts represented a liability of €182.4 million. Of this amount, €142.1 million had a maturity of less than one year.*

(2) *Interest is calculated on the basis of the yield curve prevailing on December 31, 2012. Interest on debt and interest-rate hedges does not reflect interest earned on invested cash.*

Note 16-3 Market value of gross financial liabilities

The fair value of bond debt is the market price on December 31, 2012. LBO borrowings (Materis and Stahl) were valued on the basis of quotes received from top-tier banks. For Eufor borrowings, carrying value was considered representative of market value, given the specific structure, the variable interest-rate indexation and the level of collateral. The value of the syndicated loan (indexed on variable interest rates) is also its carrying value.

In millions of euros	12/31/2012	12/31/2011
Wendel	3,536.1	3,114.3
Eufor (Saint-Gobain investment financing)	633.3	1,400.6
Operating subsidiaries	3,705.7	3,586.4
TOTAL	**7,875.1**	**8,101.3**

NOTE 17 Trade payables

In millions of euros	12/31/2012	12/31/2011
At:		
Bureau Veritas	240.7	228.4
Materis	236.2	254.9
Stahl	28.1	29.5
Oranje-Nassau Développement	69.9	83.6
Wendel and holding companies	4.4	3.4
TOTAL	**579.3**	**599.8**

NOTE 18 Other current payables

In millions of euros	12/31/2012	12/31/2011
Other current liabilities at:		
Bureau Veritas	468.8	423.6
Materis	171.5	172.8
Stahl	25.9	21.3
Oranje-Nassau Développement	26.5	21.6
Wendel and holding companies	11.1	11.5
	703.8	**650.8**
Deferred revenue	78.6	87.5
TOTAL	**782.4**	**738.3**

NOTE 19 Current and deferred taxes

Details of current taxes are as follows:

In millions of euros	12/31/2012	12/31/2011
Current tax assets		
Bureau Veritas	55.0	36.3
Stahl	3.9	3.3
Oranje-Nassau Développement	3.3	1.5
Wendel and holding companies	25.2	5.8
	87.4	**46.9**
Current tax liabilities		
Bureau Veritas	75.8	84.8
Materis	3.1	4.4
Stahl	4.4	0.5
Oranje-Nassau Développement	1.8	0.9
Wendel and holding companies	0.2	0.2
	85.4	**90.8**

Details of deferred taxes are as follows:

In millions of euros	12/31/2012	12/31/2011
Deferred tax assets		
Bureau Veritas	110.4	91.9
Materis	50.3	48.5
Stahl	14.3	4.9
Oranje-Nassau Développement	11.6	9.7
Wendel and holding companies	2.9	0.5
	189.5	**155.5**
Deferred tax liabilities		
Bureau Veritas	166.6	147.7
Materis	370.1	394.3
Stahl	18.1	19.7
Oranje-Nassau Développement	35.2	34.8
Wendel and holding companies	-	-
	590.0	**596.4**
NET DEFERRED TAX LIABILITIES	**-400.6**	**-440.9**

The change in deferred taxes is as follows:

In millions of euros	2012	2011
Amount at beginning of year	**-440.9**	**-451.1**
Changes through profit or loss	63.0	45.8
Changes through shareholders' equity	14.6	-4.3
Translation adjustments	1.5	0.5
Business combinations	-28.9	-33.5
Other	-9.8	1.6
AMOUNT AT END OF YEAR	**-400.6**	**-440.9**

NOTE 20 Assets and liabilities of operations held for sale

As of December 31, 2011, assets and liabilities held for sale were composed primarily of the assets and liabilities of the Deutsch group. Wendel sold the Deutsch group on April 3, 2012. All of the related assets and liabilities were removed from the scope of consolidation as of the same date (See note 2 "Changes in scope of consolidation").

9 Notes to the income statement

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", income items related to Deutsch, sold in the first half of 2012, have been reclassified in "Net income from discontinued operations and operations held for sale".

NOTE 21 Net sales

In millions of euros	2012	2011	% Change	Organic growth
Bureau Veritas	3,902.3	3,358.6	16.2%	7.8%
Materis	2,072.5	2,027.0	2.2%	-0.2%
Stahl	361.2	334.5	8.0%	5.9%
Oranje-Nassau Développement (1)				
• Parcours	292.9	208.1	NS	NS
• Mecatherm	73.1	25.0	NS	NS
CONSOLIDATED NET SALES	**6,702.0**	**5,953.1**	**12.6%**	**5.0%**
Oranje-Nassau Développement (12-month contribution) (1)				
• Parcours (estimated)	292.9	271.4	7.9%	7.9%
• Mecatherm (estimated)	73.1	85.6	-14.6%	-14.6%
TOTAL INCLUDING ORANJE-NASSAU DÉVELOPPEMENT IN 2011 (12-MONTH CONTRIBUTION) AND 2012 (1)	**6,702.0**	**6,077.1**	**10.3%**	**4.7%**

(1) Oranje-Nassau Développement includes:
- *the operations of the Parcours group for a twelve-month period in 2012, and a nine-month period in 2011.*
  In accordance with IFRS, Parcours' revenues include €71.9 million in sales of second-hand vehicles for the year 2012, and €57.0 million for the nine-month period in 2011. (These sales totaled €73.9 million for the full year 2011.)
- *the operations of the Mecatherm group for a twelve-month period in 2012, and a three-month period in 2011.*

Consolidated net sales broke down as follows:

In millions of euros	2012	2011
Sales of goods	2,578.8	2,437.9
Sales of services	4,123.2	3,515.2
CONSOLIDATED NET SALES	**6,702.0**	**5,953.1**

The Wendel group's exposure to Southern European countries remained limited to 8% of net sales in 2012.

NOTE 22 Operating expenses

In millions of euros	2012	2011
Purchases and external charges	2,920.7	2,662.3
Personnel costs	2,513.1	2,221.9
Taxes other than income taxes	97.3	94.4
Other operating expenses	27.8	11.6
Depreciation & amortization	395.5	322.1
Net additions to provisions	18.8	-10.7
TOTAL	**5,973.3**	**5,301.7**

Note 22-1 R&D costs recognized as expenses

In millions of euros	2012	2011
Materis	22.6	22.4
Stahl	2.7	4.2
Oranje-Nassau Développement	-	0.3

Note 22-2 Average number of employees at consolidated companies

	2012	2011
Bureau Veritas	58,924	52,148
Deutsch (1)	-	3,542
Materis	9,911	9,821
Stahl	1,238	1,215
Oranje-Nassau Développement	578	564
Wendel and holding companies	74	73
TOTAL	**70,725**	**67,363**

(1) As Deutsch was sold in the first half of 2012, the company's average number of employees is not presented for fiscal year 2012.

NOTE 23 Income from ordinary activities

In millions of euros	2012	2011
Bureau Veritas	563.5	486.5
Materis	154.1	163.7
Stahl	37.0	26.6
Oranje-Nassau Développement	27.4	21.8
Wendel and holding companies	-47.0	-42.6
INCOME FROM ORDINARY ACTIVITIES	**735.0**	**656.1**

NOTE 24 Other operating income and expenses

In millions of euros	2012	2011
Net gains on sale of intangible assets and property, plant & equipment	7.1	2.4
Net gains (losses) on divestment of consolidated investments	-	-0.4
Restructuring costs	-24.5	-10.2
Impairment of assets (1)	-146.4	-86.4
Other income and expenses	-11.7	-7.4
TOTAL	**-175.5**	**-101.9**

(1) Includes asset impairment (goodwill and intangible assets) in 2012 of €85.8 million at Materis (€70.3 million in 2011) and €25.3 million at Bureau Veritas (€16.1 million in 2011). The 2012 figure also includes a provision of €35.2 million recognized by Bureau Veritas, relating essentially to operations held for sale.

NOTE 25 Finance costs, net

In millions of euros	2012	2011
Income from cash and cash equivalents (1)	13.1	13.1
Finance costs, gross		
Interest expense	-442.1	-451.1
Interest expense on shareholder loans from non-controlling interests	-8.6	-7.6
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)	-31.7	-28.0
	-482.4	**-486.6**
TOTAL	**-469.3**	**-473.5**

(1) Includes €9.5 million at the level of Wendel and its holding companies. An additional €14.2 million in income on short-term financial investments is recognized under "Other financial income and expenses", leading to a total income of €23.7 million 2012 (€10.5 million in 2011).

NOTE 26 Other financial income and expense

In millions of euros	2012	2011
Gains (losses) on disposals of assets available for sale	0.0	-0.3
Dividends received from unconsolidated companies	3.6	1.7
Income on interest-rate, currency and equity derivatives (1)	11.0	-119.4
Interest on other financial assets	8.2	6.7
Net currency exchange gains (losses)	-7.0	-15.8
Impact of discounting	-7.9	-7.1
Gain on buyback of discounted debt	-2.5	2.1
Other	7.9	-23.4
TOTAL	**13.3**	**-155.4**

(1) In 2011, this line item primarily included a €108.7 million loss on the sale and the change in fair value of the put options on Saint-Gobain shares.

NOTE 27 Tax expense

In millions of euros	2012	2011
Current income tax	-207.3	-184.0
Deferred taxes	63.0	45.8
TOTAL	**-144.3**	**-138.2**

The portion of CVAE (value added) tax is recognized as an income tax, in accordance with IAS 12 and the instruction of the CNC (French national accounting council) of January 14, 2010.

The difference between the theoretical tax based on standard rate of 34.43% applicable in France and the actual income tax expense of Wendel, its holding companies and its operating subsidiaries broke down as follows:

In millions of euros	Wendel and holding companies	Operating subsidiaries	Total
Income before tax expense, net income from equity-method subsidiaries and net income from discontinued operations and operations held for sale	-220.6	324.2	103.6
Theoretical amount of tax expense calculated on the basis of a rate of 34.43%	**76.0**	**-111.6**	**-35.7**
Impact of:			
Uncapitalized tax losses of Wendel/holding companies and transactions subject to reduced tax rates at the holding company level	-76.0		
Uncapitalized tax losses at the operating subsidiary level		-45.9	
Reduced tax rates and foreign tax rates at the operating subsidiary level		48.9	
CVAE tax paid by operating subsidiaries		-19.9	
Exceptional contribution paid by operating subsidiaries		-7.5	
Impairment of goodwill		-12.4	
Other, including benefit arising from tax consolidation for Wendel	8.4	-4.1	
Actual tax expense	**8.3**	**-152.6**	**-144.3**

NOTE 28 Net income (loss) from equity-method investments

In millions of euros	2012	2011
Net income including impact of goodwill allocation		
Saint-Gobain	50.5	138.0
Legrand	28.7	55.4
Helikos (1)	-	-1.7
exceet (2)	-3.3	0.1
Other companies	0.7	0.8
Sale of Legrand shares (3)	**14.6**	**631.3**
Impact of Legrand dilution	**0.0**	**-0.1**
Impairment of equity-accounted Saint-Gobain shares (4)	**-414.0**	**-**
Impact of dilution on the Saint-Gobain investment	**-6.8**	**-8.8**
Increase in Helikos SPAC shareholding (5)	**-**	**16.1**
TOTAL	**-329.7**	**831.1**

(1) In 2011: a €1.7 million loss from the Helikos SPAC up to the date of the acquisition of exceet.
(2) In 2011: the net income of exceet for a two-month period from the acquisition date until September 30, 2011.
(3) In 2012: the gain on the sale of Legrand shares, which Wendel SA used to pay its dividend in kind (see note 2-1.2 under "Changes in scope of consolidation).
(4) In 2012: impairment recognized on the Saint-Gobain shares (see note 9-4.2 "Impairment test on Saint-Gobain shares, accounted for by the equity method").
(5) In 2011: €16.1 million gain realized at the time of the acquisition of exceet by the Helikos SPAC.

NOTE 29 Net income from discontinued operations and operations held for sale

In millions of euros	2012	2011
Gain on divestments		
Deutsch	689.2	-
Oranje-Nassau Groep – oil & gas business	0.8	0.4
	690.0	**0.4**
Share in net income for the year from discontinued operations		
Deutsch – share in net income for the year	6.7	-11.5
Wendel and holding companies – interest income on loans to the Deutsch group	10.7	40.6
	17.4	**29.1**
TOTAL	**707.5**	**29.4**

NOTE 30 Earnings per share

In euros and millions of euros	2012	2011
Net income - Group share	221.1	525.4
Impact of dilutive instruments on subsidiaries	-8.0	-5.9
Diluted net income	**213.1**	**519.5**
Average number of shares, net of treasury shares	48,246,738	48,751,612
Potential dilution due to Wendel stock options (1)	599,362	780,627
Diluted number of shares	**48,846,101**	**49,532,239**
Basic earnings per share (in euros)	4.58	10.78
Diluted earnings per share (in euros)	4.36	10.49
Basic earnings per share from continuing operations (in euros)	-10.06	10.15
Diluted earnings per share from continuing operations (in euros)	-10.10	9.87
Basic earnings per share from discontinued operations (in euros)	14.65	0.63
Diluted earnings per share from discontinued operations (in euros)	14.46	0.62

(1) *According to the "treasury stock" method, it is assumed that the cash received from the exercise of dilutive instruments would be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact.*

10 Notes on changes in cash position

NOTE 31 Acquisitions of property, plant & equipment and intangible assets

In millions of euros	2012	2011
By Bureau Veritas	140.5	116.4
By Materis	78.2	84.1
By Stahl	9.7	8.6
By Oranje-Nassau Développement (1)	243.5	180.4
By Wendel and holding companies	0.6	0.3
TOTAL	**472.5**	**389.8**

(1) Includes €238.9 million of vehicles purchased and leased out by Parcours in 2012, vs. €179.0 million for a nine-month period in 2011.

NOTE 32 Disposals of property, plant & equipment and intangible assets

Disposals of property, plant & equipment and intangible assets include principally €71.9 million in sales of Parcours' second-hand vehicles (€57.0 million for a nine-month period in 2011).

NOTE 33 Acquisition of equity investments

In millions of euros	2012	2011
By Oranje-Nassau Développement:		
• Parcours	-	108.4
• Mecatherm	-	111.6
• exceet/Helikos	-	27.8
By Bureau Veritas (1)	281.2	84.0
By Materis (2)	39.5	26.3
Saint-Gobain shares	-	63.1
Other securities	-	0.7
TOTAL	**320.7**	**421.9**

(1) Acquisition of AcmeLabs, TH Hill, Tecnicontrol and HuaXia. See note 2 "Changes in scope of consolidation" relating to Bureau Veritas.
(2) Acquisition of Elmin and Suzuka. See note 2 "Changes in scope of consolidation" relating to Materis.

NOTE 34 Divestments

In millions of euros	2012	2011
Divestment of Deutsch	959.6	-
Sale of Legrand shares	-	956.9
Sale of Saint-Gobain shares	-	144.0
Divestments by Bureau Veritas	3.3	0.5
Other	0.8	0.4
TOTAL	**963.7**	**1,101.8**

NOTE 35 Impact of changes in scope of consolidation and of operations held for sale

The amount in 2012 corresponded to increases of €12.7 million and €6.0 million related to the entry of subsidiaries of Bureau Veritas and Materis, respectively, into the scope of consolidation.

The amount in 2011 principally corresponded to increases of €12.8 million and €5.3 million related to Parcours' and Mecatherm's entry into the scope of consolidation, respectively; and to a decrease of €57.0 million related to the decision to sell Deutsch.

NOTE 36 Changes in other financial assets and liabilities and other

In 2012, this item consisted mainly of:

- -€55.9 million from the sale of part of Wendel's short-term financial investments (classified under current financial assets; see the section on Wendel's liquidity);
- the €19.8 million ($25 million) convertible loan granted to IHS (see note 42 "Subsequent events");
- the €15.0 million guarantee given as part of the agreement between Mecatherm and its lenders (see note 5-2.5 "Financial debt of operating subsidiaries – documentation and covenants").

In 2011, this item consisted mainly of:

- €130.5 million from the sale of part of Wendel's short-term financial investments (classified under current financial assets; see the section on Wendel's liquidity);
- €168.8 million in proceeds from the sale of puts on Saint-Gobain (see note 13-4 on certain derivatives).

NOTE 37 Dividends received from equity-method investments and unconsolidated companies

Dividends received in 2012 principally included €113.7 million from Saint-Gobain and €14.3 million from Legrand. In 2011, these figures were €103.3 million and €25.8 million, respectively.

The €71.5 million dividend received from Bureau Veritas was eliminated upon consolidation (€64.7 in 2011).

NOTE 38 Net change in borrowing and other financial liabilities

Details of financial debt are shown in note 16 “Financial debt”.

In millions of euros	2012	2011
New borrowings by:		
Wendel – bond issue (net of issuance costs)	397.6	298.0
Wendel – syndicated credit facility	-	500.0
Eufor group (Saint-Gobain investment structure)	-	60.0
Bureau Veritas	937.9	503.2
Materis	216.8	224.6
Stahl	-	-
Oranje-Nassau Développement (1)	283.4	203.4
	1,835.7	**1,789.2**
Borrowings repaid by:		
Wendel - 2011 bonds	-	334.8
Wendel – repurchase of 2014-2016 and 2017 bonds	142.6	19.9
Wendel – syndicated credit facility	250.0	-
Eufor group (Saint-Gobain investment structure)	760.0	2,089.7
Bureau Veritas	810.8	562.2
Materis	231.2	210.5
Stahl	15.6	11.4
Oranje-Nassau Développement (1)	245.4	189.0
	2,455.6	**3,417.5**
TOTAL	**-619.9**	**-1,628.4**

(1) These amounts essentially represented Parcours’ operating loans, which finance the company’s fleet of vehicles leased out to customers.

11 Other notes

NOTE 39 Segment information

Analysis of the income statement by operating segment is divided into two parts: “net income from business sectors” and non-recurring items.

Net income from business sectors

Net income from business sectors is the Group’s “recurring” income. It consists of net income from investments and from holding companies and excludes non-recurring items and the impact of goodwill, as defined below:

- “Net income from investments” is defined as the net income of companies under exclusive control (full consolidation: Bureau Veritas, Materis, Stahl, Parcours and Mecatherm held by Oranje-Nassau Développement; Deutsch until April 3, 2012, the date on which it was sold) and Wendel’s share in the net income of investments accounted for under the equity method (Saint-Gobain, Legrand and exceet, held by Oranje-Nassau Développement) before non-recurring items and the impact of goodwill allocations;
- net income from holding companies includes the operating expenses of Wendel and holding companies, the cost of net debt contracted to finance Wendel and its holding companies, the cost of financing the Eufor group (the Saint-Gobain investment structure) and related income tax items. The amounts shown are those recognized at the level of Wendel and all of its consolidated financial holding companies (excluding acquisition holding companies and operating subsidiaries).

Non-recurring income

"Non-recurring income" includes, for the entire scope of consolidation, the net after-tax amounts not linked to the operating activity of subsidiaries and associates or to the recurring operations of Wendel and its holding companies:

- capital gains and losses from the divestment of assets;
- restructuring costs considered exceptional;
- exceptional legal disputes, notably those that are not linked to operating activities;
- interest income and expenses on shareholder loans, as these are linked to the financial structure used to realize the investment in the subsidiaries and associates. These items do not usually give rise to a settlement in cash prior to divestment. The tax impact related to these items is considered recurring inasmuch as it has a structural impact on the tax to be paid;
- changes in "fair value";
- impairment losses on assets, and in particular on the value of goodwill;
- currency impact on financial liabilities;
- financial restructuring expenses and the income and expenses related to extinguishing debt;
- any other significant item unconnected with the Group's recurring operations.

Impact of goodwill allocation

The impact of goodwill on the income statement derives from the revaluation of assets and liabilities carried out at the time of the acquisition (or from changes to these valuations within 12 months after the transaction). The affected items are primarily:

- inventories and work-in-process;
- property, plant & equipment;
- intangible assets, including brands and contracts;
- the related deferred taxes.

These accounting items modify net income from investments by disconnecting the income statement from the cash flows deriving from the business activity of those companies (because the accounting entries relate to the companies' acquisition prices and not their business activities).

Note 39-1 Income statement by operating segment for fiscal year 2012

In millions of euros	Bureau Veritas	Materis	Deutsch	Stahl	Oranje-Nassau Développement	Equity-method investments Saint-Gobain	Equity-method investments Legrand	Holding companies	Total operations
Net income from business sectors									
Net sales	**3,902.3**	**2,072.5**	**-**	**361.2**	**365.9**			**-**	**6,702.0**
EBITDA	**N/A**	**258.2**	**-**	**54.9**	**N/A**				
Adjusted operating income (1)	**639.2**	**188.6**	**-**	**47.0**	**32.8**				
Other recurring operating items	-	-2.0	-	-1.2	-				
Operating income	**639.2**	**186.6**	**-**	**45.8**	**32.8**			**-45.7**	**858.7**
Finance costs, net	-57.8	-153.4	-	-13.4	-11.4			-205.5	-441.5
Other financial income and expense	-11.4	-1.3	-	-	0.1			-0.1	-12.7
Tax expense	-157.7	-42.1	-	-6.1	-8.1			6.3	-207.8
Share in net income of equity-method investments	0.0	0.4	-	0.3	2.1	192.0	31.1	-	225.8
Net income from discontinued activities and activities held for sale	-	-	24.9	-	-	-	-	0.3	25.3
RECURRING NET INCOME FROM BUSINESS SECTORS	**412.3**	**-9.8**	**24.9**	**26.6**	**15.4**	**192.0**	**31.1**	**-244.7**	**447.8**
Recurring net income from business sectors – non-controlling interests	206.2	-1.9	2.6	2.3	0.5	-	-	0.2	209.9
RECURRING NET INCOME FROM BUSINESS SECTORS - GROUP SHARE	**206.1**	**-7.9**	**22.3**	**24.3**	**14.8**	**192.0**	**31.1**	**-244.8**	**237.9**
Non-recurring income									
Operating income	-133.9	-140.3	-	-10.3	-5.3	-	-	-8.9	-298.9
Net financial income (expense)	-0.0	-38.8	-	-2.2	-0.7	-	-	50.3	8.6
Tax expense	20.3	31.5	-	7.6	2.0	-	-	2.0	63.5
Share in net income of equity-method investments	-	-	-	-	-5.4	-562.3	-2.4	14.6	-555.5
Net income from discontinued activities and activities held for sale	-	-	-18.2	-	-	-	-	689.7	671.5
NON-RECURRING INCOME	**-113.6**	**-147.6**	**-18.2**	**-4.9**	**-9.4**	**-562.3**	**-2.4**	**747.7**	**-110.8**
of which:									
◦ Non-recurring items	-3.6	-57.5	-14.7	2.0	-0.4	-9.2	-1.4	747.7 (2)	662.8
◦ Impact of goodwill allocation	-47.5	-21.5	-3.5	-7.0	-9.0	-80.1	-1.0	-	-169.5
◦ Asset impairment	-62.5	-68.6	-	-	-	-473.0 (3)	-	-	-604.1
Non-recurring net income – non-controlling interests	-55.5	-36.1	-1.9	-0.4	-0.1	-	-	-	-94.0
NON-RECURRING NET INCOME – GROUP SHARE	**-58.1**	**-111.5**	**-16.3**	**-4.5**	**-9.2**	**-562.3**	**-2.4**	**747.7**	**-16.8**
CONSOLIDATED NET INCOME	**298.7**	**-157.4**	**6.7**	**21.7**	**6.0**	**-370.3**	**28.7**	**503.0**	**337.1**
Consolidated net income – non-controlling interests	150.7	-38.0	0.7	1.8	0.4	-	-	0.2	115.9
CONSOLIDATED NET INCOME – GROUP SHARE	**147.9**	**-119.4**	**6.0**	**19.8**	**5.6**	**-370.3**	**28.7**	**502.8**	**221.1**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) This amount includes:
- *the €689.2 million gain on the sale of Deutsch;*
- *the €14.6 million gain on the sale of Legrand shares, which served to pay Wendel's dividend in kind.*

(3) The figure includes a provision of €414.0 million recognized by Wendel against its investment in Saint-Gobain.

The contribution of Oranje-Nassau Développement to the 2012 income statement by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	exceet	Oranje-Nassau Développement
Net income from business sectors				
Net sales	**292.9**	**73.1**	**-**	**365.9**
EBITDA	**N/A**	**7.8**	**-**	
Adjusted operating income (1)	**26.8**	**6.0**	**-**	32.8
Other recurring operating items	-	-	-	-
Operating income	**26.8**	**6.0**	**-**	**32.8**
Finance costs, net	-6.8	-4.6	-	-11.4
Other financial income and expense	-	0.1	-	0.1
Pre-tax income	**20.0**			
Tax expense	-7.7	-0.4	-	-8.1
Share in net income of equity-method investments	-	-	2.1	2.1
Net income from discontinued activities and activities held for sale	-	-	-	-
RECURRING NET INCOME FROM BUSINESS SECTORS	**12.3**	**1.0**	**2.1**	**15.4**
Recurring net income from business sectors – non-controlling interests	0.5	0.0	-	0.5
RECURRING NET INCOME FROM BUSINESS SECTORS - GROUP SHARE	**11.8**	**1.0**	**2.1**	**14.8**
Non-recurring income				
Operating income	-4.0	-1.4	-	-5.3
Net financial income	-	-0.7	-	-0.7
Tax expense	1.3	0.7	-	2.0
Share in net income of equity-method investments	-	-	-5.4	-5.4
Net income from discontinued activities and activities held for sale	-	-	-	-
NON-RECURRING NET INCOME	**-2.7**	**-1.3**	**-5.4**	**-9.4**
of which:				
• Non-recurring items	-	-0.4	0.1	-0.4
• Impact of goodwill allocation	-2.7	-0.9	-5.5	-9.0
• Asset impairment	-	-	-	-
Non-recurring net income – non-controlling interests	-0.1	-0.0	-	-0.1
NON-RECURRING NET INCOME – GROUP SHARE	**-2.5**	**-1.3**	**-5.4**	**-9.2**
CONSOLIDATED NET INCOME	**9.6**	**-0.3**	**-3.3**	**6.0**
Consolidated net income – non-controlling interests	0.4	-0.0	-	0.4
CONSOLIDATED NET INCOME – GROUP SHARE	**9.2**	**-0.3**	**-3.3**	**5.6**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

Note 39-2 Income statement by operating segment for fiscal year 2011

In millions of euros	Bureau Veritas	Materis	Deutsch	Stahl	Oranje-Nassau Développement	Equity-method investments Saint-Gobain	Equity-method investments Legrand	Holding companies	Total operations
Net income from business sectors									
Net sales	**3,358.6**	**2,027.0**	**-**	**334.5**	**233.1**			**-**	**5,953.1**
EBITDA	**N/A**	**259.4**	**-**	**45.0**	**N/A**				
Adjusted operating income (1)	**544.3**	**194.3**	**-**	**38.0**	**25.4**				
Other recurring operating items	-	-1.0	-	-1.6	-				
Operating income	**544.3**	**193.3**	**-**	**36.4**	**25.4**			**-42.5**	**756.9**
Finance costs, net	-42.2	-128.0	-	-16.2	-7.8			-269.8	-464.0
Other financial income and expense	-16.2	-1.2	-	-	-0.1			-0.1	-17.5
Tax expense	-130.4	-34.7	-	-6.7	-5.4			0.3	-176.9
Share in net income of equity-method investments	0.3	0.2	-	0.3	2.6	296.0	60.0	-	359.4
Net income from discontinued activities and activities held for sale	-	-	54.5	-	-	-	-	1.4	56.0
RECURRING NET INCOME FROM BUSINESS SECTORS	**355.8**	**29.4**	**54.5**	**13.8**	**14.8**	**296.0**	**60.0**	**-310.7**	**513.7**
Recurring net income from business sectors – non-controlling interests	176.6	8.1	5.8	1.2	0.7	-	-	-	192.3
RECURRING NET INCOME FROM BUSINESS SECTORS - GROUP SHARE	**179.3**	**21.3**	**48.8**	**12.6**	**14.0**	**296.0**	**60.0**	**-310.7**	**321.4**
Non-recurring income									
Operating income	-77.0	-107.6	-	-12.4	-5.4	-	-	-0.4	-202.8
Net financial income (expense)	-0.0	-41.5	-	-8.7	-2.6	-	-	-94.5 (2)	-147.3
Tax expense	17.9	14.8	-	4.1	1.9	-	-	-	38.8
Share in net income of equity-method investments	-	-	-	-	-2.5	-166.8	-4.8	645.7 (3)	471.7
Net income from discontinued activities and activities held for sale	-	-	-66.0	-	-	-	-	39.5	-26.5
NON-RECURRING NET INCOME	**-59.1**	**-134.3**	**-66.0**	**-17.0**	**-8.5**	**-166.8**	**-4.8**	**590.4**	**133.8**
of which:									
• Non-recurring items	-8.1	-44.5	-50.8	-9.3	-5.2	-17.5	-0.8	590.4	454.2
• Impact of goodwill allocation	-34.9	-19.5	-14.5	-7.7	-3.3	-80.9	-2.2	-	-163.0
• Asset impairment	-16.1	-70.3	-0.8	-	-	-68.4	-1.8	-	-157.4
Non-recurring net income – non-controlling interests	-28.7	-32.9	-7.0	-1.5	-0.4	-	-	0.2	-70.2
NON-RECURRING NET INCOME – GROUP SHARE	**-30.4**	**-101.5**	**-59.1**	**-15.5**	**-8.1**	**-166.8**	**-4.8**	**590.2**	**204.1**
CONSOLIDATED NET INCOME	**296.7**	**-104.9**	**-11.5**	**-3.2**	**6.3**	**129.2**	**55.3**	**279.7**	**647.5**
Consolidated net income – non-controlling interests	147.8	-24.7	-1.2	-0.3	0.4	-	-	0.2	122.1
CONSOLIDATED NET INCOME – GROUP SHARE	**148.9**	**-80.2**	**-10.3**	**-2.9**	**5.9**	**129.2**	**55.3**	**279.5**	**525.4**

(1) *Before the impact of goodwill allocation, non-recurring items and management fees.*
(2) *This amount includes:*
- *a €23.0 million gain on the sale of Saint-Gobain shares received as dividends in 2010. As of December 31, 2010, these shares were recognized under assets held for sale;*
- *a €108.7 million loss related to changes in the fair value of and gain/loss on the sale of Saint-Gobain puts (purchased and issued).*

(3) *This amount includes the €631.3 million gain on the sale of Legrand shares.*

The contribution of Oranje-Nassau Développement to the 2011 income statement by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	exceet	Oranje-Nassau Développement
Net income from business sectors				
Net sales	**208.1**	**25.0**	**-**	**233.1**
EBITDA	**N/A**	**5.7**	**-**	
Adjusted operating income (1)	**20.1**	**5.3**	**-**	25.4
Other recurring operating items	-	-	-	-
Operating income	**20.1**	**5.3**	**-**	**25.4**
Finance costs, net	-6.9	-0.9	-	-7.8
Other financial income and expense	-	-0.1	-	-0.1
PRE-TAX INCOME	**13.3**			
Tax expense	-3.4	-2.0	-	-5.4
Share in net income of equity-method investments	-	-	2.6	2.6
Net income from discontinued activities and activities held for sale	-	-	-	-
RECURRING NET INCOME FROM BUSINESS SECTORS	**9.9**	**2.3**	**2.6**	**14.8**
Recurring net income from business sectors – non-controlling interests	0.7	0.0	-	0.7
RECURRING NET INCOME FROM BUSINESS SECTORS - GROUP SHARE	**9.2**	**2.3**	**2.6**	**14.0**
Non-recurring income				
Operating income	-4.3	-1.1	-	-5.4
Net financial income (expense)	-2.3	-0.3	-	-2.6
Tax expense	1.5	0.5	-	1.9
Share in net income of equity-method investments	-	-	-2.5	-2.5
Net income from discontinued activities and activities held for sale	-	-	-	-
NON-RECURRING NET INCOME	**-5.1**	**-0.9**	**-2.5**	**-8.5**
of which:				
◦ Non-recurring items	-3.1	-0.7	-1.4	-5.2
◦ Impact of goodwill allocation	-2.0	-0.2	-1.1	-3.3
◦ Asset impairment	-	-	-	-
Non-recurring net income – non-controlling interests	-0.4	-0.0	-	-0.4
NON-RECURRING NET INCOME – GROUP SHARE	**-4.8**	**-0.9**	**-2.5**	**-8.1**
CONSOLIDATED NET INCOME	**4.7**	**1.4**	**0.1**	**6.3**
Consolidated net income – non-controlling interests	0.3	0.0	-	0.4
CONSOLIDATED NET INCOME – GROUP SHARE	**4.4**	**1.4**	**0.1**	**5.9**

(1) *Before the impact of goodwill allocation, non-recurring items and management fees.*

Note 39-3 Balance sheet by operating segment as of December 31, 2012

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Saint-Gobain	Legrand	Wendel and holding companies	Consolidated
Goodwill, net	1,959.3	767.5	24.1	138.1	-	-	-	2,889.1
Intangible assets, net	608.9	696.3	69.1	84.8	-	-	0.2	1,459.3
Property, plant & equipment, net	379.4	564.7	91.4	513.2	-	-	7.3	1,556.0
Non-current financial assets	68.1	9.0	-	3.0	-	-	34.5	114.6
Pledged cash and cash equivalents	-	-	-	-	-	-	3.4	3.4
Equity-method investments	0.7	3.8	2.1	53.8	4,228.4	145.3	-	4,434.1
Deferred tax assets	110.4	50.3	14.3	11.6	-	-	2.9	189.5
Total non-current assets	**3,126.8**	**2,091.6**	**201.0**	**804.5**	**4,228.4**	**145.3**	**48.4**	**10,646.0**
Assets held for sale	**5.4**	**-**	**5.3**	**-**	**-**	**-**	**-**	**10.6**
Inventories and work-in-process	8.6	274.7	47.9	35.6	-	-	-	366.7
Trade receivables	940.7	334.2	66.2	71.5	-	-	0.1	1,412.8
Other current assets	111.3	66.8	13.7	10.5	-	-	2.9	205.0
Current income tax assets	55.0	-	3.9	3.3	-	-	25.2	87.4
Other current financial assets	10.3	0.4	-	0.7	-	-	444.0	455.5
Cash and cash equivalents	243.5	71.4	33.7	11.3	-	-	486.1	845.9
Total current assets	**1,369.4**	**747.4**	**165.4**	**132.9**	**-**	**-**	**958.4**	**3,373.4**
TOTAL ASSETS								**14,030.0**
Shareholders' equity - Group share								2,674.4
Non-controlling interests								617.9
Total shareholders' equity								**3,292.3**
Long-term provisions	195.8	65.3	7.8	2.6	-	-	31.3	302.8
Financial debt (non-current portion)	1,282.7	1,916.0	173.8	241.3	-	-	3,869.2	7,483.1
Other non-current financial liabilities	24.2	-	3.4	3.4	-	-	98.1	129.2
Deferred tax liabilities	166.6	370.1	18.1	35.2	-	-	-	590.0
Total non-current liabilities	**1,669.3**	**2,351.4**	**203.2**	**282.6**	**-**	**-**	**3,998.7**	**8,505.1**
Liabilities held for sale	**1.0**	**-**	**-**	**-**	**-**	**-**	**-**	**1.0**
Short-term provisions	-	2.2	0.3	4.6	-	-	-	7.0
Financial debt (current portion)	128.3	95.9	24.6	234.7	-	-	67.8	551.3
Other current financial liabilities	52.2	22.8	-	1.8	-	-	149.5	226.3
Trade payables	240.7	236.2	28.1	69.9	-	-	4.4	579.3
Other current liabilities	547.0	171.3	25.9	26.9	-	-	11.1	782.4
Current income tax liabilities	75.8	3.1	4.4	1.8	-	-	0.2	85.4
Total current liabilities	**1,043.9**	**531.6**	**83.4**	**339.7**	**-**	**-**	**233.0**	**2,231.6**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY								**14,030.0**

The contribution of Oranje-Nassau Développement to the 2012 balance sheet by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	exceet	Oranje-Nassau Développement
Goodwill, net	35.8	102.3	-	138.1
Intangible assets, net	16.0	68.8	-	84.8
Property, plant & equipment, net	507.1	6.1	-	513.2
Non-current financial assets	2.5	0.4	-	3.0
Pledged cash and cash equivalents	-	-	-	-
Equity-method investments	-	-	53.8	53.8
Deferred tax assets	6.9	4.7	-	11.6
TOTAL NON-CURRENT ASSETS	**568.4**	**182.4**	**53.8**	**804.5**
Assets held for sale	**-**	**-**	**-**	**-**
Inventories and work-in-process	28.2	7.3	-	35.6
Trade receivables	33.1	38.4	-	71.5
Other current assets	8.3	2.2	-	10.5
Current income tax assets	-0.0	3.3	-	3.3
Other current financial assets	0.7	-	-	0.7
Cash and cash equivalents	1.6	9.7	-	11.3
TOTAL CURRENT ASSETS	**72.0**	**60.9**	**-**	**132.9**
Long-term provisions	0.3	2.3	-	2.6
Financial debt (non-current portion)	186.1	55.3	-	241.3
Other non-current financial liabilities	1.7	1.7	-	3.4
Deferred tax liabilities	10.6	24.6	-	35.2
TOTAL NON-CURRENT LIABILITIES	**198.7**	**83.9**	**-**	**282.6**
Liabilities held for sale	**-**	**-**	**-**	**-**
Short-term provisions	0.6	3.9	-	4.6
Financial debt (current portion)	223.1	11.6	-	234.7
Other current financial liabilities	1.8	-	-	1.8
Trade payables	61.5	8.4	-	69.9
Other current liabilities	12.4	14.5	-	26.9
Current income tax liabilities	1.7	0.2	-	1.8
TOTAL CURRENT LIABILITIES	**301.1**	**38.6**	**-**	**339.7**

Note 39-4 Balance sheet by operating segment as of December 31, 2011

In millions of euros	Bureau Veritas	Deutsch	Materis	Stahl	Oranje-Nassau Développement	Saint-Gobain	Legrand	Wendel and holding companies	Consolidated
Goodwill, net	1,851.6	-	774.0	24.1	138.1	-	-	-	2,787.8
Intangible assets, net	569.5	-	757.8	74.2	87.6	-	-	0.2	1,489.4
Property, plant & equipment, net	319.6	-	530.0	93.9	484.0	-	-	7.5	1,434.9
Non-current financial assets	92.2	-	10.4	-	3.3	-	-	28.9	134.8
Pledged cash and cash equivalents	-	-	-	-	-	-	-	146.6	146.6
Equity-method investments	0.7	-	3.4	2.1	57.5	4,788.7	141.7	-	4,994.1
Deferred tax assets	91.9	-	48.5	4.9	9.7	-	-	0.5	155.5
Total non-current assets	**2,925.5**	**-**	**2,124.1**	**199.3**	**780.2**	**4,788.7**	**141.7**	**183.7**	**11,143.2**
Assets held for sale	**-**	**899.6**	**-**	**5.5**	**-**	**-**	**-**	**-**	**905.2**
Inventories and work-in-process	5.3	-	272.2	44.3	32.2	-	-	-	348.8
Trade receivables	878.5	-	338.5	68.7	62.5	-	-	0.3	1,353.9
Other current assets	90.5	-	78.6	13.9	8.6	-	-	5.3	197.0
Current income tax	36.3	-	-	3.3	1.5	-	-	5.8	46.9
Other current financial assets	7.0	-	0.4	-	1.1	-	-	386.3	394.8
Cash and cash equivalents	244.1	-	83.6	20.3	11.2	-	-	437.5	796.7
Total current assets	**1,261.8**	**-**	**773.4**	**150.5**	**117.2**	**-**	**-**	**835.2**	**3,138.0**
TOTAL ASSETS									**15,186.4**
Shareholders' equity - Group share									2,693.9
Non-controlling interests									604.0
Total shareholders' equity									**3,298.0**
Long-term provisions	185.9	-	46.7	6.7	5.7	-	-	28.9	273.9
Financial debt (non-current portion)	999.4	-	1,920.4	192.1	224.0	-	-	4,601.4	7,937.3
Other non-current financial liabilities	22.1	-	4.8	4.2	5.4	-	-	94.0	130.6
Deferred tax liabilities	147.7	-	394.3	19.7	34.8	-	-	-	596.4
Total non-current liabilities	**1,355.1**	**-**	**2,366.2**	**222.7**	**270.0**	**-**	**-**	**4,724.3**	**8,938.3**
Liabilities held for sale	**-**	**643.8**	**-**	**-**	**-**	**-**	**-**	**-**	**643.8**
Short-term provisions	-	-	6.6	0.6	1.0	-	-	-	8.2
Financial debt (current portion)	266.1	-	28.0	17.3	212.9	-	-	71.3	595.6
Other current financial liabilities	30.2	-	6.1	0.2	1.1	-	-	236.1	273.7
Trade payables	228.4	-	254.9	29.5	83.6	-	-	3.4	599.8
Other current liabilities	510.1	-	172.7	21.3	22.7	-	-	11.5	738.3
Current income tax liabilities	84.8	-	4.4	0.5	0.9	-	-	0.2	90.8
Total current liabilities	**1,119.6**	**-**	**472.8**	**69.3**	**322.1**	**-**	**-**	**322.6**	**2,306.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY									**15,186.4**

The contribution of Oranje-Nassau Développement to the 2011 balance sheet by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	exceet	Oranje-Nassau Développement
Goodwill, net	35.8	102.3	-	138.1
Intangible assets, net	19.4	68.3	-	87.6
Property, plant & equipment, net	477.3	6.6	-	484.0
Non-current financial assets	2.9	0.4	-	3.3
Pledged cash and cash equivalents	-	-	-	-
Equity-method investments	-	-	57.5	57.5
Deferred tax assets	6.8	2.9	-	9.7
TOTAL NON-CURRENT ASSETS	**542.2**	**180.5**	**57.5**	**780.2**
Assets held for sale	**-**	**-**	**-**	**-**
Inventories and work-in-process	22.7	9.6	-	32.2
Trade receivables	25.3	37.3	-	62.5
Other current assets	6.7	2.0	-	8.6
Current income tax	-	1.5	-	1.5
Other current financial assets	1.1	-	-	1.1
Cash and cash equivalents	3.2	8.0	-	11.2
TOTAL CURRENT ASSETS	**58.9**	**58.3**	**-**	**117.2**
Long-term provisions	0.3	5.4	-	5.7
Financial debt (non-current portion)	162.5	61.5	-	224.0
Other non-current financial liabilities	2.5	2.9	-	5.4
Deferred tax liabilities	11.3	23.6	-	34.8
TOTAL NON-CURRENT LIABILITIES	**176.5**	**93.4**	**-**	**270.0**
Liabilities held for sale	**-**	**-**	**-**	**-**
Short-term provisions	1.0	-	-	1.0
Financial debt (current portion)	209.3	3.6	-	212.9
Other current financial liabilities	1.1	-	-	1.1
Trade payables	74.1	9.5	-	83.6
Other current liabilities	6.5	16.3	-	22.7
Current income tax liabilities	0.8	0.2	-	0.9
TOTAL CURRENT LIABILITIES	**292.7**	**29.5**	**-**	**322.1**

Note 39-5 Cash flow statement by business segment for 2012

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Wendel and holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	684.5	203.2	49.7	159.5	-39.8	-	1,057.1
Net cash flows from investing activities, excluding tax	-377.4	-88.5	-9.0	-181.6	1,070.8	-71.5	342.9
Net cash flows from financing activities, excluding tax	-124.0	-90.5	-21.5	32.3	-1,109.4	71.5	-1,241.5
Net cash flows related to taxes	-180.0	-32.3	-5.7	-10.2	-16.4	-	-244.7

The contribution of Oranje-Nassau Développement to the 2012 cash flow statement by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	Total Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	155.2	4.3	159.5
Net cash flows from investing activities, excluding tax	-178.8	-2.7	-181.6
Net cash flows from financing activities, excluding tax	30.2	2.2	32.3
Net cash flows related to taxes	-8.1	-2.1	-10.2

Note 39-6 Cash flow statement by business segment for 2011

In millions of euros	Bureau Veritas	Deutsch	Materis	Stahl	Oranje-Nassau Développement	Wendel and holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	552.1	-	225.9	31.6	106.6	-43.9	-	872.3
Net cash flows from investing activities, excluding tax	-184.0	-57.0	-100.6	-8.2	-95.5	1,272.3	-64.7	762.4
Net cash flows from financing activities, excluding tax	-203.9	-	-72.7	-19.4	6.8	-1,989.6	64.7	-2,214.1
Net cash flows related to taxes	-149.6	-	-34.6	-4.8	-6.7	-0.4	-	-196.1

The contribution of Oranje-Nassau Développement to the 2011 cash flow statement by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	Total Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	101.8	4.8	106.6
Net cash flows from investing activities, excluding tax	-100.2	4.8	-95.5
Net cash flows from financing activities, excluding tax	8.0	-1.2	6.8
Net cash flows related to taxes	-6.4	-0.3	-6.7

NOTE 40 Off-balance-sheet commitments

As of December 31, 2012, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned below.

Note 40-1 Collateral and other security given in connection with financing

		12/31/2012	12/31/2011
(i)	Pledge by Materis Parent (Materis group) of shares of the principal companies of the Materis group and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Materis group.	1,984.3	1,922.8
(ii)	Pledge by Deutsch group of shares of the principal companies of the Deutsch group and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Deutsch group.	-	484.7
(iii)	Pledge by Stahl Group SA of shares of the principal companies of the Stahl group and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Stahl group.	193.8	205.1
(iv)	Security given by Parcours (Oranje-Nassau Développement) under its bank borrowing arrangements, including the financed vehicles and the lease payments received.	388.4	336.4
(v)	Pledge by Mecatherm (Oranje-Nassau Développement) of shares of the companies in the Mecatherm group as collateral for the repayment of the debt owed by the Mecatherm group. Note that Wendel provided a first-demand guarantee of €15 million in favor of the banks (see note 5-2.5).	62.7	66.0
(vi)	Pledge of listed shares in connection with the Saint-Gobain investment financing structure (market value) (1).	1,215.7	2,159.1
(vii)	Pledge of cash in connection with the Saint-Gobain investment financing structure (1).	3.4	146.6
TOTAL		**3,848.3**	**5,320.8**

(1) These items are detailed in note 5-2 “Managing liquidity risk” relative to the Eufor group.

Note 40-2 Guarantees given as part of asset sales

Guarantees given in connection with the sale of Deutsch cover a limited number of standard warranties (ownership and validity of the securities sold, operations during the period leading up to the sale, no fraudulent activity, etc.). No claim with respect to these warranties has been received to date.

Tax guarantees given in connection with the divestment of Oranje-Nassau Groep's oil & gas activities in 2009 and expiring in May 2016 were limited to a theoretical maximum of €240.0 million as of December 31, 2012. There were no guarantees of environmental risk or site remediation costs connected with this divestment.

Guarantees given in connection with the divestment of Editis in 2008 covering standard warranties as well as tax risks and risks of employee-related costs were limited to a theoretical maximum of €52.3 million as of December 31, 2012. As of January 2012, claims may no longer be submitted under these guarantees. As of March 19, 2013, the date the financial statements were finalized, no amount had been paid out under this guarantee.

No provisions have been recognized for these guarantees.

Note 40-3 Guarantees received in connection with asset acquisitions

Guarantees received in connection with the acquisition of Parcours and Mecatherm cover standard warranties as well as tax risks and risks of employee-related costs up to a total of €12.5 million as of December 31, 2012.

Note 40-4 Off-balance-sheet commitments given and received related to operating activities

	12/31/2012	12/31/2011
Market counter-guarantees and other commitments given		
by Bureau Veritas (1)	196.2	198.4
by Materis	11.6	43.2
by Deutsch	-	3.0
by Stahl	0.4	-
by Oranje-Nassau Développement (Mecatherm)	4.0	9.9
TOTAL COMMITMENTS GIVEN	**212.2**	**254.6**
Other commitments received (2)	377.5	351.0
TOTAL COMMITMENTS RECEIVED	**377.5**	**351.0**

(1) Commitments given by Bureau Veritas included guarantees such as bank and parent-company guarantees.

(2) As of December 31, 2011, principally at Parcours. As of December 31, 2012, commitments received were composed principally of lease payments to be received by Parcours (Oranje-Nassau Développement) on its portfolio of lease contracts in force (€178.4 million with a term of less than one year and €198.9 million with a term of 1-5 years).

Note 40-5 Shareholder agreements and co-investment mechanisms

As of December 31, 2012, the Wendel group was party to numerous agreements governing its relations with its co-shareholders in Materis, Stahl, Parcours and Mecatherm, be they minority investors or the managers of these companies, under co-investment mechanisms (as described in note 4 "Participation of managers in Group investments").

These agreements contain various clauses related to:

- corporate governance (composition of governing bodies and rights to information);
- terms of share transfers (lock-up periods, right of first refusal);
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO;
- executive departures (commitment to sell to the Wendel group in the event the subsidiary executive resigns and/or commitment to buy from executives in certain special cases);
- liquidity of the investment in certain situations and in particular in the absence of a sale or IPO beyond a certain period of time following Wendel's initial investment.

As part of the liquidity commitments under these agreements and of those entered into with Wendel managers as part of co-investment mechanisms, if no liquidity event (divestment or IPO) has taken place before certain predetermined dates, the Wendel group may be required to buy back the shares held by subsidiary managers in Materis, Stahl, Parcours and Mecatherm, and those held by Wendel managers in Materis, Stahl, VGG, Parcours and Mecatherm (via Winvest International and Oranje-Nassau Développement). The value applied to these liquidity commitments would be market value, as determined by an appraiser, or a value calculated on the basis of a profitability multiple. The Deutsch co-investment was unwound in 2012 given Wendel's divestment of its holding in Deutsch.

As of December 31, 2012, on the basis of the value of investments included in the calculation of Net Asset Value, the value of the "pari passu" portion of the investment made by managers (under the same risk and return conditions as Wendel) was €89 million, and the value of the portion of managers' investments having dilutive effects on Wendel's ownership interest was €52 million. In accordance with accounting principles relating to non-controlling interest puts and to co-investment mechanisms, a portion of these amounts is recognized within financial liabilities (€27 million).

Co-investment values vary with the value of each investment. As a result, they may be lower (or nil) or higher in future fiscal years.

Other agreements

Subordinated (mezzanine and second-lien) lenders to Stahl who forfeited their claims as creditors during the 2010 restructuring received an earn-out right exercisable only upon the total or partial divestment of Wendel's stake in Stahl. This right is exercisable if Wendel's overall return is more than 2.5 times its 2010 re-investment, and is equivalent to the allocation of 1 to 2 bonus shares per share held by these ex-subordinated lenders. In accordance with accounting standards, this commitment is not recognized on the balance sheet, as the exercise of this right depends on Wendel's decision to divest.

Note 40-6 Leasing

Apart from the transactions described below, no finance lease is likely to have a significant impact on Wendel's financial position.

Note 40-6.1 Finance leases (contracts under which the Group retains the risks and rewards connected with ownership of the leased item)

Amount of future rents under finance leases:

In millions of euros	12/31/2012	12/31/2011
Due in more than 5 years	10.7	9.2
Due in 1 to 5 years	5.1	3.4
Due in less than 1 year and accrued interest	1.5	1.0
TOTAL	**17.4**	**13.6**

These contracts give rise to a non-current asset and a financial debt on the balance sheet, in accordance with IAS 17 "Leases" .

Note 40-6.2 Operating leases (contracts under which the Group does not retain the risks and rewards connected with ownership of the leased item)

Amount of future rents under operating leases:

In millions of euros	12/31/2012	12/31/2011
Due in more than 5 years	68.9	79.4
Due in 1 to 5 years	286.9	238.5
Due in less than 1 year and accrued interest	125.8	114.1
TOTAL	**481.6**	**432.1**

Future rents principally include €296.8 million related to Bureau Veritas (€254.2 million in 2011), and €166.4 million related to Materis (€142.7 million in 2011).

NOTE 41 Stock options, bonus shares and performance shares

The total expense related to stock options or other share-based compensation for fiscal year 2012 was €21.2 million vs. €21.3 million in 2011.

In millions of euros	2012	2011
Stock options at Wendel	4.5	2.9
Grant of bonus shares at Wendel	1.2	2.7
Stock options at Bureau Veritas	2.2	2.1
Grant of bonus shares at Bureau Veritas	14.4	12.8
Stock appreciation rights at Bureau Veritas	-0.2	-0.2
Stahl	0.3	0.8
TOTAL	**22.4**	**21.3**

Grants under new stock-option plans in 2012 were as follows:

Note 41-1 Wendel

Pursuant to the authorization given by shareholders at their June 4, 2012 Annual Meeting, options giving the right to subscribe to 227,270 shares were allocated on July 5, 2012 with a strike price of €54.93 and a 10-year life. These options have the following features:

- a service condition: the options are subject to a two-year vesting period during which the beneficiary must remain employed or appointed by Wendel; the first half vest after one year and the other half after two years;
- a performance-based condition: the full number of options granted vests if the increase in NAV over the 2012-14 period (adjusted for dividends) is greater than or equal to 10.25%. One-half vests if the increase in NAV over the 2012-13 period (adjusted for dividends) is greater than or equal to 5%. The NAV used as the point of reference for 2012 is the NAV calculated as of May 24, 2012, or €93.6 per share.

These options have been valued using a Monte-Carlo model, based on the following principal assumptions: a 5-year average rate of return of 2.6%; volatility of 30%; and staff turnover considered to be zero. The illiquid nature of the stock options has also been taken into account. These options have been valued at €9.3 each. The expense has been spread over the options' vesting period.

Under the authorization granted by shareholders at their June 4, 2012 Meeting, 75,754 performance shares were also granted on July 5, 2012. They are subject to the same service and performance-based conditions as the options granted in 2012 (see previous paragraph). They have been valued at €26.7 per share. This value takes into account the period of illiquidity of these performance shares.

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2011	Options granted in 2012	Options canceled in 2012	Options exercised in 2012	Number of options outstanding as of 12/31/2012	Exercise price (€)	Average exercise price (€)	Average residual life	Number of exercisable options
Stock purchase options	153,202	-	-	-30,095	123,107	22.58 and 41.73	23.67	6.6 years	118,487
Stock purchase options	952,177	227,270	-10,250	-15,000	1,154,197	22.58 to 80.91	55.47	8.1 years	417,685
Stock subscription options	138,142	-	-6,000	-26,262	105,880	25.96 to 90.14	67.62	2.6 years	105,880
Stock subscription options	1,162,200	-	-383,540	-	778,660	18.96 to 132.96	65.26	5.5 years	126,900

Bonus shares and performance shares	Shares granted as of 12/31/2011	Awards during the fiscal year	Options exercised/ vested	Cancellations	Shares granted as of 12/31/2012	Grant date	Vesting date
Bonus shares	80,950	-	-80,950	-	-	12/01/2010	12/01/2012
	10,500	-	-10,500	-	-	17/05/.2010	17/05/2012
Performance shares	146,437	-	-146,437	-	-	04/06/2010	04/06/2012
	-	75,754	-	-	75,754	05/07/2012	05/07/2014
	237,887	**75,754**	**-237,887**	**-**	**75,754**		

Note 41-2 Bureau Veritas

By resolution of Bureau Veritas' Board of Directors on July 18, 2012, Bureau Veritas granted 336,600 stock options with an exercise price of €70.17 to certain of its employees. The beneficiary must complete three years of service for the options to vest. There is also a performance condition based on management operating income. The options have a term of eight years from the grant date.

The average unit fair value of options granted during the fiscal year was €11.63. They were valued using a Black & Scholes model, with the following assumptions: volatility of 23%, dividend return of 1.77%, risk-free rate of 0.63%, and an estimated life of four years.

In 2012, Bureau Veritas also granted 408,300 performance shares subject to certain service and/or performance conditions. The weighted average fair value of bonus shares granted in 2012 was €62.96 per share.

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2011	Options granted in 2012	Options canceled in 2012	Options exercised in 2012	Number of options outstanding as of 12/31/2012	Exercise price (€)	Average exercise price (€)	Average residual life	Number of exercisable options
Bureau Veritas	1,614,445	336,600	-9,000	-599,510	1,342,535	15.17 to 70.17	46.17	5.2 years	525,970

Performance shares	Shares granted as of 12/31/2012	Grant date	Expiration date
	153,750	03/07/2009	03/07/2013
	416,100	23/07/2010	07/23/2013-2014
	361,110	18/07/2011	07/18/2014-2015
	23,544	14/12/2011	14/12/2016
	408,300	18/07/2012	07/18/2015-2016
	1,362,804		

Stock appreciation rights	Expiration date	Exercise price per share	Number of options (share equivalents)	
			2012	2011
December 13, 2007 plan	12/12/2013	30.20	27,526	51,017
NUMBER OF OPTIONS AS OF DECEMBER 31			**27,526**	**51,017**

NOTE 42 Subsequent events

In order to support the pan-African growth strategy of the IHS group, one of the leading providers of telecom tower infrastructure in Africa, Wendel has already committed to invest $176 million through capital increases alongside IHS's current shareholders, who are major development finance institutions and top-tier private equity firms in Africa. On completion of this investment program, Wendel will be the largest shareholder of IHS Holding, and will accordingly exercise a substantial influence on the governance and on the strategic decisions of IHS.

As of December 31, 2012, Wendel had already invested $25.8 million in the form of a loan, which was subsequently converted into capital during the first quarter 2013. This was part of a first increase in capital, in which Wendel invested an additional amount of $80.1 million.

NOTE 43 List of principal consolidated companies as of December 31, 2012

Method of consolidation	% interest net of treasury shares	Company name	Country	Business segment
FC	**100.0**	**Wendel**	**France**	**Management of shareholdings**
FC	100.0	Coba	France	“
FC	100.0	Eufor	France	“
FC	100.0	Hirvest 1	France	“
FC	100.0	Hirvest 3	France	“
FC	100.0	Hirvest 4	France	“
FC	100.0	Oranje-Nassau Développement France	France	“
FC	100.0	Sofiservice	France	“
FC	100.0	Winbond	France	“
FC	100.0	Xevest 2	France	“
FC	100.0	Wendel Japan	Japan	“
FC	100.0	Froeggen	Luxembourg	“
FC	100.0	Grauggen	Luxembourg	“
FC	100.0	Hourggen	Luxembourg	“
FC	100.0	Ireggen	Luxembourg	“
FC	100.0	Jeurggen	Luxembourg	“
FC	100.0	Karggen	Luxembourg	“
FC	97.3	Materis Investors	Luxembourg	“
FC	100.0	Mecatherm GuarantCo	Luxembourg	“
FC	98.1	Oranje-Nassau Mecatherm	Luxembourg	“
FC	95.7	Oranje-Nassau Parcours	Luxembourg	“
FC	99.5	Oranje-Nassau Développement SA SICAR	Luxembourg	“
FC	97.4	Stahl Lux 2	Luxembourg	“
FC	100.0	Trief Corporation	Luxembourg	“
FC	100.0	Truth 2	Luxembourg	“
FC	98.4	Waldggen	Luxembourg	“
FC	100.0	Winvest Conseil	Luxembourg	“
FC	99.5	Winvest International SA SICAR	Luxembourg	“
FC	100.0	Win Securitization 2	Luxembourg	“
FC	100.0	Oranje-Nassau Groep	Netherlands	“
FC	100.0	Oranje-Nassau Development	Netherlands	“
FC	100.0	Legron	Netherlands	“
FC	100.0	Sofisamc	Switzerland	“
FC	**51.2**	**Bureau Veritas**	**France**	**Certification and verification**
FC	**75.5**	**Materis Parent**	**Luxembourg**	**Specialty chemicals for construction**
FC	**91.5**	**Stahl Group**	**Netherlands**	**High-performance coatings and leather-finishing products**
E	**5.5**	**Legrand SA**	**France**	**Products and systems for low-voltage installations**
E	**17.1**	**Saint-Gobain**	**France**	**Production, transformation and distribution of building materials**
Oranje-Nassau Développement includes:				
FC	**98.1**	**Mecatherm**	**France**	**Industrial bakery equipment**
FC	**95.7**	**Parcours**	**France**	**Independent specialist in long-term vehicle leasing to corporate customers**
E	**28.4**	**exceet**	**Switzerland**	**Design of embedded systems**

FC: Full consolidation. Wendel exercises exclusive control over these companies.
E: Companies accounted for by the equity method. Wendel exercises significant influence over these companies.

12 Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2012

WENDEL

89, rue Taitbout

75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2012, on:

- the audit of the accompanying consolidated financial statements of Wendel;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Executive Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 9-4 "Impairment tests of equity-method investments" to the consolidated financial statements. In a context of uncertainties with regard to the outlook for the global economy which makes forecasting difficult, this note describes the methods applied to test the interest held in Saint-Gobain for impairment at December 31, 2012, and in particular, the sensitivity of the result of this test, with regard to changes in the discount rate, the long-term growth rate and normative profitability taken into account for the computation of cash flows beyond the five-year business plan.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

In preparing its financial statements, your Company makes estimates and assumptions concerning, in particular, the value of certain assets, liabilities, income and expenses. The accounting estimates used in the preparation of the consolidated financial statements for the year ended December 31, 2012 were made in a context in which the uncertainties with regard to the outlook for the global economy make forecasting difficult, as described in Note 1-10 “Use of estimates” to the consolidated financial statements.

It is in this specific context that at December 31, 2012 the Company carried out impairment tests on goodwill, intangible assets with indefinite useful lives and equity-method investments, in accordance with the methods described in Note 1-11 “Measurement rules”, Note 6-1 “Goodwill impairment tests”, and Note 9-4 “Impairment tests of equity-method investments” to the consolidated financial statements.

We reviewed the methods applied to implement these impairment tests and verified that the above-mentioned notes provide appropriate disclosure.

In particular, with regard to the impairment test on Saint-Gobain shares, we reviewed the assumptions and estimates applied by the Company to determine the value in use of the investment.

Accounting principles

We reviewed the accounting treatment applied by your Company for preparing its consolidated financial statements with respect to managers’ participation in Group investments. We verified that Note 1-11.18 “Accounting treatment of participation of managers in Group investments”, Note 4 “Participation of managers in Group investments”, and Note 40-5 “Shareholder agreements and co-investment mechanisms” to the consolidated financial statements provide appropriate disclosure in this regard.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group’s management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, March 27, 2013

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Etienne Boris	Jean-Pierre Letartre

English version: Traduction financière et économique sarl “Trafine”

“The English language version of this text is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However in all matters of interpretation of information, views or opinion expressed therein the original language version of the document in French takes precedence over the translation.”