

2011
CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking readers/This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

2011 consolidated financial statements

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BALANCE SHEET - CONSOLIDATED FINANCIAL POSITION

ASSETS

in millions of euros	Note	12/31/2011	12/31/2010
Goodwill, net	6	2,787.8	2,961.8
Intangible assets, net	7	1,489.4	1,622.6
Property, plant & equipment, net	8	1,434.9	988.4
Non-current financial assets	13	281.4	861.6
Equity-method investments	9	4,994.1	5,334.1
Deferred tax assets	19	155.5	129.8
Total non-current assets		11,143.2	11,898.2
Assets of operations held for sale	20	905.2	125.9
Inventories	10	348.8	394.9
Trade receivables	11	1,353.9	1,288.4
Other current assets		197.0	207.4
Current income tax assets	19	46.9	30.0
Other current financial assets	13	1,191.5	1,624.2
Total current assets		3,138.0	3,545.0
Total assets		15,186.4	15,569.1

LIABILITIES AND SHAREHOLDERS' EQUITY

in millions of euros	Note	12/31/2011	12/31/2010
Share capital		202.2	202.0
Share premiums		252.5	249.8
Retained earnings & other reserves		1,713.8	929.6
Net income for the year - Group share		525.4	1,002.3
		2,693.9	2,383.7
Non-controlling interests		604.0	508.7
Total shareholders' equity	14	3,298.0	2,892.5
Long-term provisions	15	273.9	312.1
Financial debt (non-current portion)	16	7,937.3	9,235.7
Other non-current financial liabilities	13	130.6	139.6
Deferred tax liabilities	19	596.4	580.9
Total non-current liabilities		8,938.3	10,268.2
Liabilities of operations held for sale	20	643.8	0.0
Short-term provisions	15	8.2	7.5
Financial debt (current portion)	16	595.6	890.8
Other financial liabilities	13	273.7	138.5
Trade payables	17	599.8	540.9
Other current payables	18	738.3	743.3
Current income tax liabilities	19	90.8	87.5
Total current liabilities		2,306.4	2,408.5
Total liabilities and shareholders' equity		15,186.4	15,569.1

CONSOLIDATED INCOME STATEMENT

in millions of euros	Note	2011	2010
Net sales	21	5,953.1	5,068.3
Other income from operations		4.6	0.6
Operating expenses	22	-5,301.7	-4,506.1
<i>Income from ordinary activities</i>	23	656.1	562.8
Other operating income and expenses	24	-101.9	-23.3
<i>Operating income</i>		554.1	539.5
Income from cash and cash equivalents		13.1	11.2
Finance costs, gross		-486.6	-520.2
<i>Finance costs, net</i>	25	-473.5	-509.0
Other financial income and expense	26	-155.4	84.7
Tax expense	27	-138.2	-124.5
Net income from equity-method investments	28	831.1	809.8
<i>Net income from continuing operations</i>		618.1	800.5
Net income from discontinued operations and operations held for sale	20	29.4	343.4
<i>Net income</i>		647.5	1,143.9
Net income – non-controlling interests		122.1	141.6
<i>Net income – Group share</i>		525.4	1,002.3
In euros	Note	2011	2010
Basic earnings per share (in euros)	29	10.78	20.16
Diluted earnings per share (in euros)	29	10.49	19.81
Basic earnings per share from continuing operations (in euros)	29	10.15	13.57
Diluted earnings per share from continuing operations (in euros)	29	9.87	13.29
Basic earnings per share from discontinued operations (in euros)	29	0.63	6.59
Diluted earnings per share from discontinued operations (in euros)	29	0.62	6.52

On November 29, 2011, Wendel announced that it had entered into exclusive negotiations with TE Connectivity with a view to selling the Deutsch group. Wendel sold its stake in Stallergenes during the 2nd half of 2010. Consequently, the presentation of the income statement for fiscal year 2010 has been changed. The income and expenses of Stallergenes and Deutsch have been grouped under "Net income from discontinued operations and operations held for sale".

STATEMENT OF COMPREHENSIVE INCOME

in millions of euros	2011			2010		
	Gross amounts	Tax effect	Net amounts	Gross amounts	Tax effect	Net amounts
Translation reserves (1)	1.8		1.8	288.7		288.7
Actuarial gains and losses (2)	-118.6	40.8	-77.8	-42.1	12.0	-30.1
Gains and losses on assets available for sale	0.8		0.8	2.4		2.4
Gains and losses on qualified hedges	28.1	-6.0	22.0	89.1	-7.8	81.3
Earnings previously recognized in shareholders' equity taken to the income statement (3)	14.9		14.9	45.9	0.2	46.1
Other	-0.5		-0.5	-11.6		-11.6
Income and expenses recognized directly in shareholders' equity (A)	-73.6	34.8	-38.8	372.3	4.4	376.7
Net income for the year (B)			647.5			1,143.9
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)			608.7			1,520.6
Attributable to:						
- shareholders of Wendel			483.0			1,305.7
- non-controlling interests			125.7			214.9

- (1) Includes -€15.9 million related to Saint-Gobain (+€168.1 million in 2010), +€6.6 million related to Legrand (+€27.8 million in 2010) and +€7.7 million related to Bureau Veritas (+€69.9 million in 2010).
- (2) The main impact is -€120 million due to Saint-Gobain (before taxes, Wendel's share), vs. -€25.0 million in 2010.
- (3) The main impact in 2011 was from Eufor's +€16.5 million interest-rate swap (see Note 13 - 3.C "Derivatives").

CHANGES IN SHAREHOLDERS' EQUITY

in millions of euros	Number of shares outstanding	Share capital	Share premium	Treasury shares	Retained earnings & other reserves	Translation adjustments	Group share	Non-controlling interests	Total shareholders' equity
Balance at 12/31/2009	49,865,170	201.7	247.8	-29.3	932.0	-198.1	1,154.1	426.5	1,580.7
Income and expenses recognized directly in shareholders' equity (A)					57.1	246.3	303.4	73.3	376.7
Net income for the year (B)					1,002.3		1,002.3	141.6	1,143.9
Total income and expenses recognized during the period (A)+(B) (2)					1,059.4	246.3	1,305.7	214.9	1,520.6
Dividends paid (1)					-49.7		-49.7	-53.9	-103.6
Treasury shares	-507,382			-26.9			-26.9		-26.9
Capital increase									
Exercise of stock options	17,718	0.1	0.5				0.6		0.6
Company savings plan	47,886	0.2	1.5				1.7		1.7
Share-based payment (including associates)					25.8		25.8	6.4	32.3
Changes in scope of consolidation					-11.1		-11.1	-99.0	-110.0
Other				5.6	-22.2		-16.6	13.7	-2.9
Balance at 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 associates)					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

(1) In 2011 Wendel paid a net dividend of €1.25 per share and in 2010 €1.00 per share.

(2) See "Statement of comprehensive income".

(3) 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.

CONSOLIDATED CASH FLOW STATEMENT

in millions of euros			
	Note	2011	2010
Cash flows from operating activities			
Net income		647.5	1,143.9
Share of net income from equity-method investments		-831.1	-809.8
Net income from discontinued operations and operations held for sale		-29.4	-326.7
Depreciation, amortization, provisions and other non-cash items		364.2	250.0
Non-cash income and expense related to stock options and similar items		21.3	21.0
Expenses on investments and divestments		2.5	4.2
Gains/losses on divestments		-2.3	10.0
Financial income and expenses		628.9	443.6
Taxes (current & deferred)		138.2	127.3
Cash flow from consolidated companies before tax		939.8	863.5
Change in working capital requirement related to operating activities		-67.5	-60.9
Net cash flows from operating activities, excluding tax		872.3	802.6
Cash flows from investing activities, excluding tax			
Acquisitions of intangible assets and property, plant & equipment	30	-389.8	-182.4
Disposals of intangible assets and property, plant & equipment	31	68.7	4.7
Acquisition of equity investments	32	-421.9	-661.7
Disposal of equity investments	33	1,101.8	709.7
Impact of changes in scope of consolidation and operations held for sale	34	-35.4	12.4
Changes in other financial assets and liabilities and other	35	282.5	-152.8
Dividends received from equity-method investments and unconsolidated companies	36	131.8	51.1
Change in working capital requirements related to investment activities		24.6	4.6
Net cash flows from investing activities, excluding tax		762.4	-214.3
Cash flows from financing activities, excluding tax			
Proceeds from issuance of shares		3.0	2.2
Contribution of non-controlling shareholders		29.5	1.6
Share buybacks		-80.6	-25.5
Dividends paid by Wendel		-61.2	-49.7
Dividends paid to non-controlling shareholders of subsidiaries		-66.8	-50.1
New borrowings	37	1,789.2	1,239.4
Repayment of borrowings	37	-3,417.5	-1,826.5
Finance costs, net		-445.5	-519.1
Other financial income/expense		-17.3	-11.5
Change in working capital requirements related to financing activities		53.1	69.4
Net cash flows from financing activities, excluding tax		-2,214.1	-1,169.8
Cash flows related to taxes			
Current tax expense		-183.9	-180.1
Change in tax assets and liabilities (excl. deferred taxes)		-12.1	12.0
Net cash flows related to taxes		-196.1	-168.1
Effect of currency fluctuations		2.9	24.3
Net change in cash and cash equivalents		-772.6	-725.3
Cash and cash equivalents at the beginning of the year		1,715.9	2,441.1
Cash and cash equivalents at the end of the year	12	943.3	1,715.9

The principal components of the consolidated cash flow statement are detailed beginning with Note 30.

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, 2011, cash and cash equivalents were composed of €146.6 million in pledged cash recognized under non-current financial assets and €796.7 million in available cash recognized under current financial assets.

2010 cash flows do not include those of Stallergenes, which was sold in the second half of that year.

Fiscal year 2011 cash flows do not include Deutsch, which was held for sale as of December 31, 2011. Deutsch's cash of €57.0 million was reclassified at the beginning of the year. (See Note 2, "Changes in scope of consolidation").

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, 2011 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 approved by Wendel's Executive Board on March 13, 2012 and will be submitted for shareholders' approval at their Annual Meeting.

NOTES

1. ACCOUNTING PRINCIPLES

Wendel's consolidated financial statements for the fiscal year ended December 31, 2011 have been drawn up in accordance with IFRS principles and methods as adopted by the European Union on December 31, 2011, 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.

These accounting principles are identical to those used in preparing the consolidated financial statements for the fiscal year ended December 31, 2010, with the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2011 (see list below). The new standards, amendments to the existing standards, and interpretations that must be adopted for all fiscal years starting on or after January 1, 2011 did not have a significant impact on the Group's financial statements.

The European Union's standards can be viewed on the European Commission's website at: 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 2011

The following standards and interpretations became applicable to the Wendel Group on January 1, 2011:

- IAS 24 (revised) "Related party disclosures";
- Amendment to IAS 32 "Classification of rights issues";
- Amendment to IFRS 1 "Limited exemption from comparative IFRS 7 disclosures";
- IFRIC 19 "Extinguishing financial liabilities with equity instruments";
- Amendment to IFRIC 14 "Minimum funding requirements";
- IFRS annual improvements.

Note 1 – 2. Standards, interpretations and amendments to existing standards for which early adoption was not applied in 2011

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, 2011, whether or not they have been adopted by the European Commission. In particular, the Group has not applied the following texts to fiscal year 2011:

- 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.
- 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 have not yet been adopted by the European Commission and are applicable to fiscal years beginning on or after July 1, 2012, i.e. fiscal year 2013 for the Wendel Group;
- IFRS 10 "Consolidated financial statements", published by the IASB on May 12, 2011 and not yet adopted by the European Commission. 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. The IASB has decided that application of this standard will be mandatory for fiscal years beginning on or after January 1, 2013;
- IFRS 11 "Joint arrangements", published by the IASB on May 12, 2011 and not yet adopted by the European Commission. This standard replaces IAS 31 on the accounting for investments in joint ventures. The IASB has decided that application of this standard will be mandatory for fiscal years beginning on or after January 1, 2013;
- IFRS 12 "Disclosures of interests in other entities", published by the IASB on May 12, 2011 and not yet adopted by the European Commission. This standard defines the information to be disclosed about investments in subsidiaries, joint ventures and associated companies. The

IASB has decided that application of this standard will be mandatory for fiscal years beginning on or after January 1, 2013;

- IAS 19 "Employee benefits", amended in June 2011 by the IASB and not yet adopted by the European Commission. 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. The IASB has decided that application of this standard 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 not yet adopted by the European Commission. The IASB has decided that application of this standard will be mandatory for fiscal years beginning on or after January 1, 2013 and 2014, respectively;
- Amendments to IAS 32 and IFRS 7 "Offsetting of financial assets and liabilities", published by the IASB in December 2011 and not yet adopted by the European Commission. The IASB has decided that application of this standard will be mandatory for fiscal years beginning on or after January 1, 2014;
- Amendment to IAS 12 "Deferred taxes: Recovery of underlying assets", published by the IASB in December 2010 and not yet adopted by the European Commission. The IASB has decided that application of this standard will be mandatory for fiscal years beginning on or after January 1, 2012.

Note 1 - 3. 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 beginning with their acquisition date, while net income of divested subsidiaries is consolidated up to their divestment date.

Note 1 - 4. 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), Deutsch (Deutsch group), Stahl, Legrand and Saint-Gobain for the 12-month fiscal year ended on December 31, 2011;
- the consolidated financial statements of except for the two-month period from July 26 to September 30, as the full year financial statements were not available as of the date Wendel's statements were finalized;

- the consolidated financial statements of Parcours for the nine-month period from April 1 to December 31;
- the consolidated financial statements of Mecatherm for the three-month period from October 1 to December 31;
- for all other companies, their individual accounts for the 12-month fiscal year ended December 31, 2011. Some holding companies have 12-month fiscal years whose opening dates are not January 1; In this case, 12-month accounts from January 1 to December 31 have been prepared for consolidation purposes.

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 2011 are presented in Note 2 "Changes in scope of consolidation". The main subsidiaries consolidated as of December 31, 2011 are presented in Note 42 "List of principal consolidated companies".

Note 1 - 5. Business combinations

IFRS 3 and IFRS 27 Revised, applicable since January 1, 2010, have an impact on the accounting for transactions leading to the assumption of control or partial sales leading 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 assumed (or lost) the percentage previously held (or remaining) is revalued at fair value and recognized in profit or loss;
- when control is assumed, 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 holdings.

Note 1 - 6. 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 debt is recognized in an amount corresponding to the present value of the purchase price.

At December 31, 2011, lacking any specific IFRS provision, this financial debt 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 - 7. Inter-company 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 - 8. Conversion of the financial statements of foreign companies

Wendel presents its financial statements in euros.

The balance sheets of foreign companies whose operating currency is not the euro have been converted into euros at the exchange rate prevailing at the closing date, and their income statements at the average exchange rate for the fiscal year or consolidation period. The discrepancy resulting from the application of these exchange rates has 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.

The following exchange rates have been used in the consolidated financial statements:

	Closing rate		Average rate	
	December 31	December 31	2011	2010
	2011	2010		
EUR/USD	1.2939	1.3362	1.3904	1.3243

Note 1 - 9. 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 approved. 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 since 2008 has complicated forecasting, and actual amounts could therefore be different from the forecasts.

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

Note 1 - 10. Measurement rules

Note 1 - 10.1 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 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 purposes of impairment testing, goodwill is allocated to Cash Generating Units (CGU). Each of the Group's operating entities (Bureau Veritas, Materis, Deutsch, 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 28.23). 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. The impact of 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 - 10.2 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 depreciated over a period of 5-15 years. Only those brands identified by Wendel when it 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 depreciated over the period used for the calculation of each contract category (up to 30 years, depending on the contract and subsidiary) or over their useful life.

Note 1 - 10.3 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 depreciated over the asset's estimated useful life.

Note 1 - 10.4 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 - 10.5 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 - 10.6 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

All borrowings and other financial liabilities are stated at amortized cost using the effective interest method, except for derivative instruments.

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:

- (1) 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;
- (2) 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;
- (3) hedges of a net investment in a foreign business can be designated as hedging instruments, as long as they meet the corresponding 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 -10.7 Methods for measuring the fair value of financial instruments

In accordance with the amendment to IFRS 7 (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 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 2011, there were no transfers between levels 1 and 2 or 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 - 10.8 Inventories

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

Note 1 - 10.9 Cash and cash equivalents (pledged and unpledged)

Cash is comprised of cash at banks.

In accordance with IAS 7 and the September 23, 2011 notification from the Autorité des Marchés Financiers, 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 financial assets, as they were not immediately available.

Note 1 - 10.10 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 expenses".

Note 1 - 10.11 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 retrospective 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 19.93A).

NOTE 1 - 10.12 Handling 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 ("taxes based on taxable profits"). 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 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 - 10.13 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, i.e. for French companies, 34.43% for income subject to standard assessment plus a 5% exceptional contribution for fiscal years ending no later than December 30, 2013.

Note 1 - 10.14 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, and any divestment gains or losses have no impact on income for the fiscal year.

Note 1 - 10.15 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.

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 this business.

Note 1 - 10.16 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 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 -10.17 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 expenses".

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 -10.18 Subscription- and purchase-type stock option plans

In accordance with IFRS 2 "Share-based payments", the Group recognizes a personnel 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 expense being recognized under consolidated shareholders' equity. The expense is spread out over the options' vesting period.

Wendel uses the binomial model to determine the fair value of options and performance shares granted. In 2011, as in previous fiscal years, Wendel's plans were valued by an independent appraiser.

Note 1 -10.19 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 - 10.20 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 expenses", 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, provisions and foreign exchange differences.

Note 1 - 10.21 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 1-10.22 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, stock options, 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 return 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 full 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). When the investment is redeemed, the dilution created by the sharing of gains 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 out 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.

At December 31, 2011, Wendel believed that the investments were most likely to be redeemed as part of a total divestment of the investments concerned or as part of an IPO of these investments. No debt was recognized as of December 31, 2011 with respect to the co-investment mechanisms, and the estimated value of the co-investments at the closing date is presented in off-balance-sheet commitments.

NOTE 2. CHANGES IN SCOPE OF CONSOLIDATION

Note 2 - 1. Changes in scope of consolidation in fiscal year 2011

Note 2 - 1.1 Investment in Saint-Gobain (production, transformation and distribution of building materials)

As of December 31, 2011, Wendel held 89,812,635 million Saint-Gobain shares, representing 17.07% of the capital of Saint-Gobain (net of treasury shares) and 26.5% of the voting rights. The change in ownership percentage during fiscal year 2011 derived principally from the capital increase reserved

for employees, stock-option exercises and share buybacks carried out by Saint-Gobain. The cumulative net impact of these transactions on ownership interest during the period was relatively insignificant (-0.01 points) and required Wendel to recognize a dilution loss of €8.8 million under "Net income from equity-method investments".

The 3.1 million shares received as Saint-Gobain's 2010 dividend were accounted for at year-end 2010 as assets held for sale. They were sold during the 1st half of 2011 for a total of €144 million. By receiving the 2010 dividend in the form of shares, Wendel benefited from the increase in Saint-Gobain's share price between the time the dividend was paid and the date the shares were sold, and it earned a total financial gain of €54.2 million. This gain corresponds to the difference between the proceeds of the sale and the issue price of the shares received as a dividend (issue price: €28.58/share, or €89.8 million). From an accounting standpoint, the sale generated a capital gain of €23 million in 2011 financial income. This amount corresponds to the difference between the sale price and the value of the shares on the balance sheet as of December 31, 2010 (€121 million based on the 2010 closing price).

In August 2011, Wendel purchased 1,910,000 Saint-Gobain shares (0.4% of the capital) on the market for €63.1 million, taking advantage of the low 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 recognized as current financial assets, measured at fair value at each closing, with any change therein being recognized in financial income or expense. As of December 31, 2011 they were valued at their market price of €56.7 million, representing a decline of €6.5 million in 2011.

Concerning Wendel's participation in the governance of the Saint-Gobain group, the two groups published the principles and objectives of their new, 10-year cooperation agreement on May 26, 2011. Under the terms of this agreement, Wendel is guaranteed to have three seats on the Board of Saint-Gobain anytime it holds more than 10% of the voting rights of Saint-Gobain.

Note 2 - 1.2 Sale of 13.6% of Legrand (products and systems for low voltage installations)

A first block of 21,812,942 Legrand shares was sold on March 4, 2011 at €28.75/share. A second block of 13,042,918 Legrand shares was sold on November 9, 2011 at €24/share. Also, 888,298 shares were sold in the market in September 2011 at an average price of around €24/share. In sum, 13.6% of the capital (35,744,158 shares) was sold during fiscal year 2011.

Total sale proceeds	€961.5 million
Carrying value of the shares sold (including the reversal of translation adjustments)	(€325.7 million)
Selling costs	(€4.5 million)
Gain on sale, net of selling costs	€631.3 million

The gain on sale was recognized in the "Net income from equity-method investments" item of the income statement.

As of the end of 2011, Wendel held 15,389,806 Legrand shares, or 5.9% of the capital (net of treasury shares) and 10.1% of the voting rights. As of the same date, the combined holding of Wendel and KKR totaled around 11.7% of the capital and 20.3% of the voting rights.

On March 22, 2011, Wendel and KKR signed a new, five-year shareholder agreement under which they decided to continue cooperating in the management of their investment in Legrand and in the governance of the company, and to act in concert on matters related to Legrand.

The sale of the first block having reduced their stakes in Legrand, KKR and Wendel reduced their representation on Legrand's board of directors from three to two seats each. As of December 31, 2011 this representation had not changed as a result of the share sales carried out in the second half of 2011. As Wendel continued to exercise significant influence over Legrand, it accounted for its investment using the equity method: 19.5% until the first block sale, 11.2% until the second block sale and 5.9% at the end of the fiscal year.

In early March 2012, KKR sold a large portion of its stake (4.8% of the capital) and announced that it wanted to distribute the rest of its holding (1%). As a result of this sale, the shareholder agreement between Wendel and KKR was canceled.

Note 2 - 1.3 Acquisition of Parcours (long-term corporate vehicle leasing)

On April 15, 2011, Wendel acquired the Parcours group via its subsidiary Oranje-Nassau Développement. Parcours is the only independent company of significant size operating in the long-term car leasing sector in France. Parcours operates throughout France with 270 employees, 18 offices and around 45,000 leased vehicles. Since 2005, the company has also been present abroad, with four locations in Europe (Luxembourg, Belgium, Spain and Portugal). Parcours' operating liabilities totaled €372 million as of the end of 2011. This debt is without recourse to Wendel and collateralized by the related vehicles and contracts.

Parcours' return on capital employed is calculated based on pre-tax ordinary income, and this is the measure presented under "Segment information", relative to this investment.

<i>in millions of euros</i>	Contribution to audited fiscal year 2011 earnings (9 mos. since takeover)	Estimated 2011 (12 mos.)	Estimated 2010 (12 mos.)
Net sales (1)	208.1	271.4	242.6
Pre-tax ordinary income	13.3	17.1	16.6

(1) Includes sales of second-hand vehicles in accordance with IFRS (€57 million for the nine-month period from the date Wendel took control, an estimated €73.7 million for all of 2011 and an estimated €63.0 million for all of 2010).

Wendel has invested a total of €107 million, excluding acquisition expenses, obtaining more than 95% of the capital. The other shareholders are the principal executives of Parcours, including its Chairman. The Chairman also holds bonds redeemable in shares, which totaled 10.5 million. At maturity, these interest-bearing bonds, redeemable in shares, will be worth 8.18% of the value of Parcours (excl. potential dilution from exercise of the share warrants described below).

Wendel has thus taken exclusive control of Parcours and has consolidated it fully since then. For practical reasons, the earnings of Parcours have been consolidated since April 1, 2011 rather than April 15, 2011, the date Wendel took control. The impact of this slight difference on Wendel's consolidated financial statements is negligible. The tentative amount of goodwill recognized when Wendel took control was €35.8 million, after revaluation of identifiable assets and liabilities and contingent liabilities. At the time of the acquisition, €21.4 million of the goodwill pertained to existing contracts. Their valuation was based on the pre-tax ordinary income these contracts were expected to generate and on their renewal based on historical statistics. This intangible asset is subject to accelerated amortization over its estimated life. Deferred tax liabilities related to this revaluation totaled €7.1 million. In accordance with IFRS, revaluation of identifiable assets, identifiable liabilities, contingent liabilities and the goodwill calculation will be made definitive within 12 months after the takeover.

As part of Wendel's policy of allowing managers to participate in the Group's investments, the principal executives of Parcours subscribed to share warrants. These warrants will give them rights to part of any capital gain that Wendel earns, provided that Wendel achieves a certain minimum annual average return (IRR). The executives subscribed to the warrants at fair value for €0.6 million.

In addition, approximately 20 Wendel managers were invited to co-invest in Parcours alongside Wendel, in accordance with the principles presented in Note 4 entitled, "Participation of managers in Group investments".

For accounting purposes, these co-investments are treated similarly to the Group's other co-investments (see Note 1 - 10.22 "Accounting treatment of participation of managers in Group investments").

Note 2 - 1.4 Acquisition of except (design of embedded systems) by Helikos

On July 26, 2011, Helikos, a special purpose acquisition company (SPAC) accounted for by the equity method, acquired except Group AG, European leader in embedded electronics and security solutions. except posted sales of €170.4 million in 2011, up 42.7% from the previous year. In the context of this transaction, Helikos was renamed "except Group SE". except is listed on the Frankfurt stock exchange.

Oranje-Nassau Développement (100% Wendel), founder of Helikos, has invested a total of €50.1 million in this transaction, comprised of €22.3 million invested in Helikos when it was launched in early 2010 and €27.8 million in the purchase of "public" shares at the time of the transaction.

In addition, Wendel will provide up to €11.3 million of shareholder loans to exceet. As of end-2011, €6.7 million had already been provided, of which €1.3 million was repaid in early 2012.

As the principal sponsor of the Helikos project and in accordance with the principles of the SPAC, Oranje-Nassau Développement increased its ownership percentage when exceet Group AG was acquired. This increase, plus the purchase of shares at the time of the transaction, increased its stake from 6.75% of Helikos's listed shares to 28.4% of the shares of exceet Group, the new listed entity. As of the end of 2011, Wendel thus held 5,708,427 listed exceet shares out of a total of 20,073,695 listed shares (net of treasury shares). As Wendel holds 30.2% of the voting rights and has two of the six seats on the board of directors, it has a significant influence, and exceet is therefore consolidated by the equity method.

The increased shareholding percentage resulting from the SPAC mechanisms had an impact of €16 million on Wendel's consolidated accounts, recognized under net income from equity-method investments, in accordance with IFRS 2. This is because, from an accounting standpoint, the increase is considered as remuneration for the work carried out by the project promoters in realizing the acquisition of exceet Group AG by Helikos. The €16 million corresponds to the difference between the value in Wendel's books of its shares in exceet at the time of the transaction (fair value) on the one hand and the sum of the carrying value of Helikos before the transaction plus the amount of share purchases carried out at the time of the transaction.

In addition to the 20,073,695 listed shares in circulation (net of treasury shares), 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 them. 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.
- 9,000,000 unlisted, earn-out shares that can be converted into listed shares in thirds, 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 except if they are not converted. They are held by Ventizz, the other main shareholder of the except group.

All of these instruments mature in July 2016.

As the 2011 annual financial statements of except were not yet available when Wendel's 2011 statements were approved, except's contribution to Wendel's income from equity-method investments, starting on its acquisition date, was cut off as of September 30, 2011, meaning that only two months of its operations were included in Wendel's 2011 earnings. The impact of the last three, unconsolidated months on Wendel's financial statements was not significant.

Note 2 - 1.5 Acquisition of the Mecatherm group (industrial bakery equipment)

On October 4, 2011, Wendel acquired the Mecatherm group via its subsidiary Oranje-Nassau Développement, for an enterprise value of €170 million. Founded in 1964, the Mecatherm group has around 300 employees, an R&D laboratory and three industrial sites in France. Through its subsidiaries Mecatherm and Gouet, the group designs, assembles and installs automated production lines for bakery products (baguettes, artisan quality bread, croissants, etc.) throughout the world. The Mecatherm group realizes around 75% of its sales outside France.

<i>in millions of euros</i>	Contribution to audited fiscal year 2011 earnings (3 mos. since takeover)	Estimated 2011 (12 mos.)	Estimated 2010 (12 mos.)
Net Sales	25.0	85.6	88.9
Adjusted operating income (1)	5.4	15.6	17.6

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

Wendel's equity investment totaled €112 million for 98% of the capital, with the remaining stake held by Mecatherm and Wendel management teams. Borrowings to refinance the existing debt totaled €66 million. Wendel has thus taken exclusive control of Mecatherm and has fully consolidated it since then.

The tentative amount of goodwill recognized when Wendel took control was €102.3 million, after revaluation of identifiable assets and liabilities and contingent liabilities. Goodwill was allocated as follows:

- €51.0 million to brands, not amortizable, as the brands are considered to have an indefinite lifetime;
- €17.1 million to development costs, to be amortized over approximately 12 years;
- -€23.4 million to deferred taxes related to brands and patents.

In accordance with IFRS, revaluation of identifiable assets, identifiable liabilities, contingent liabilities and the goodwill calculation will be made definitive within 12 months after the takeover.

As part of Wendel's policy of allowing managers to participate in the Group's investments, the principal executives of Mecatherm also purchased Mecatherm share warrants. These warrants will give them rights to part of any capital gain that Wendel earns, provided that Wendel achieves a certain minimum annual average return (IRR). The executives subscribed to the warrants at fair value for €0.9 million.

In addition, approximately 20 Wendel managers were invited to co-invest in Mecatherm alongside Wendel, in accordance with the principles presented in Note 4 "Participation of managers in Group investments".

For accounting purposes, these co-investments are treated similarly to the Group's other co-investments (see Note 1 - 10.22 "Accounting treatment of participation of managers in Group investments").

Note 2 - 1.6 Exclusive negotiations with TE Connectivity for the sale of Deutsch (high performance connectors)

At the end of November 2011, Wendel received a firm, unsolicited 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. Given the quality of TE Connectivity's proposal, from both operational and financial points of view, Wendel and Jean-Marie Painvin, co-shareholder of Deutsch and Chairman of the Board of Directors, decided to enter into exclusive negotiations with TE Connectivity to finalize the transaction.

TE Connectivity proposes to acquire all of the shares of Deutsch for an enterprise value of approximately \$2.1 billion. For Wendel, the net proceeds of the transaction would amount to around €959 million. This would represent a capital gain of €580 million on Wendel's total investment, or 2.4 times Wendel's total investment. The capital gain will be recognized when the transaction becomes definitive, which should occur in the 1st half of 2012, provided the necessary regulatory approvals are received.

As a result, Deutsch's contribution to Wendel's consolidated earnings has been presented under net income from operations held for sale, as required under IFRS. Accordingly, in the fiscal year 2011 closing, all of Deutsch's balance sheet items have been presented in the line items entitled "Assets of operations held for sale" and "Liabilities of operations held for sale". Similarly, Deutsch's contribution to 2011 consolidated earnings as well as to 2010 earnings, presented for comparative purposes, has been presented on a single line, "Net income from discontinued operations and operations held for sale".

In light of the proposed sale, no impairment was recognized as of December 31, 2011.

Deutsch's net sales totaled \$675.6 million in 2011, and its adjusted operating income was \$145.7 million.

Note 2 - 1.7 Principal changes in scope of consolidation of subsidiaries and associates

1. Acquisitions by the Bureau Veritas group (certification and verification)

In 2011, Bureau Veritas continued to pursue its acquisition strategy, carrying out a dozen acquisitions in high-growth countries or in high-potential businesses. In almost all of these transactions Bureau Veritas acquired 100% of the share capital of the target company. The principal acquisitions were as follows:

- Auto Reg, leader in vehicle damage appraisal in Brazil;
- Atomic Technologies and Scientige, companies specialized in non-destructive testing and asset integrity management in Asia;
- Civil-Aid, an Indian company specialized in evaluating infrastructure and construction compliance; and
- two laboratories specialized in agri-food analysis: Sargam in India and Kontrollab in Turkey.

The cost of the acquisitions carried during the year totaled €84.0 million, of which goodwill represented €57.9 million. Annual net sales in 2011 of all the acquired companies came to approximately €51.5 million, and operating income before amortization of intangible assets from business combinations was about €14.5 million.

2. Acquisitions by the Materis group (specialty chemicals for construction)

In 2011, the Materis group acquired four independent paint distributors in Italy, a paint distributor in France and three companies in the Mortars division. Materis acquired between 93% and 100% of the companies' share capital. The acquisition cost of these companies totaled €25.1 million, of which goodwill represented €20.4 million. The contribution of these companies to 2011 net income was not significant.

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

The principal acquisitions carried out by the Saint-Gobain group in 2011 were as follows:

- In the 1st half of 2011, the Saint-Gobain group signed an agreement to acquire all of the shares of the public company Alver, via its Packaging division (Verallia). Alver is one of Algeria's leading glass packaging production and distribution companies;
- On May 31, 2011, Saint-Gobain announced it had signed an agreement to acquire the flat glass production business of Sezal Glass Limited in India;
- On July 25, 2011, the Saint-Gobain group signed an agreement with Wolseley, the UK building materials distribution group, to acquire the latter's UK Build Center network;
- On August 11, 2011 it signed an agreement to acquire 100% of the companies comprising the Specialty Films business of the Belgian group Bekaert. This business, known under the name Solar Gard, is specialized in the development, production and distribution of functional window

films used in the home-building and automotive markets and in various other industrial applications;

- On November 30, 2011, the Abrasives business strengthened its presence in South America with the acquisition of Abrasivos Argentinos SA and Dancan SA and their subsidiaries, specialized in the production of coated abrasives and masking tapes.

The cost of acquisitions carried out in 2011 was €666 million, net of acquired cash.

In addition, on June 20, 2011, the Saint-Gobain group announced that it has postponed the separate market listing of a non-controlling share of its Packaging division (Verallia), because of very unfavorable market conditions.

4. Acquisitions by the Legrand group (products and systems for low-voltage installations), an equity-method investment

During fiscal year 2011, Legrand carried out, in particular, the following acquisitions:

- In January, Legrand acquired 100% of the shares of Electrorack, specialized in Voice-Data-Imaging (VDI) cabinets for data centers in the United States;
- In February, Legrand acquired 100% of the shares of Intervox Systems, leader in remote assistance systems in France;
- In June, Legrand acquired 100% of the shares of Middle Atlantic Products Inc., the leader in audio/video enclosures in North America, with a presence in New Jersey, Illinois, California and in Canada;
- In July, Legrand finalized the acquisition of 100% of the shares of SMS, the leader in the Brazilian uninterruptible power supply market. The company is located near São Paulo and in northern Brazil;
- In October, Legrand signed a joint-venture agreement under which it acquired 49% of the shares of Megapower, the Malaysian leader in plastic cable management solutions. Under the agreement, the vendor holds a put on an additional 31% of the shares and Legrand holds a call on the remaining shares, exercisable over the medium term.

In all, Legrand invested a total of €342.4 million in 2011 in acquisitions (less acquired cash) and purchases of non-controlling interests and unconsolidated investments.

Note 2 - 2. Changes in scope of consolidation in fiscal year 2010

Note 2 - 2.1 Investment in Saint-Gobain (production, transformation and distribution of building materials)

As of December 31, 2010, Wendel owned 93.0 million shares, representing 17.68% of the capital of Saint-Gobain, vs. 17.66% at December 31, 2009 (net of treasury shares). The principal changes in Wendel's interest during the fiscal year were as follows:

- Capital increase reserved for employees of the Saint-Gobain group:

The rights issue reserved for employees under the company savings plan diluted Wendel's investment in Saint-Gobain by about 0.17 percentage points (calculated net of treasury shares).

- Dividend paid in 2010 by the Saint-Gobain group:

Beneficiaries of the dividend paid in 2010 had the option of receiving the dividend in shares (issue price: €28.58 per share) or in cash (€1.00 per share). Approximately 72% of the dividends were paid in shares. Wendel opted to receive its dividends in shares and received 3.1 million Saint-Gobain shares by virtue of the €89.8 million in dividends to which its stake entitled it. This raised the number of its shares to 93 million, without this being a strategic intention.

The capital increase resulting from the payment of dividends in the form of shares resulted in a slight 0.17 percentage point enhancement of Wendel's stake in Saint-Gobain (calculated net of treasury shares).

- share buybacks and exercise of stock options:

The cumulative impact of share buybacks and stock options exercises on the percentage interest was insignificant during fiscal year 2010 (+0.02 points).

The accounting impact of all of these changes in percentage interest was a positive €0.8 million, recognized in the income statement under "Net income from equity-method investments".

As of December 31, 2010, the 3.1 million shares received as dividends in 2010 were reclassified from equity-method investments to assets held for sale, in accordance with Wendel's decision to sell them in 2011. The reclassification generated an accounting loss of €34.5 million in 2010 earnings. This accounting loss was recognized in the "Net income from equity-method investments" item of the income statement :

- the carrying value of these shares at the time of their classification (average carrying value of all the shares accounted for by the equity method), and
- the value at which they were recognized under assets held for sale (2010 closing share price, i.e. €38.5/share).

Nevertheless, the decision to receive payment of the 2010 dividend in the form of shares (at an issue price of €28.58/share) gave the Group the benefit of the increase in Saint-Gobain's share price between the payment of the dividend and the sale of the shares in 2011 (see paragraph on changes in the scope of consolidation in fiscal year 2011).

As of December 31, 2010, therefore, of the 93 million shares Wendel held:

- 89.8 million were recognized as equity-method investments, in accordance with IAS 28. They represented 17.08% of the capital (net of treasury shares);
- 3.1 million shares received as 2010 dividends were classified at December 31, 2010 as assets held for sale, in accordance with Wendel's decision to sell them in 2011. They represented 0.60% of the capital (net of treasury shares).

Note 2 - 2.2 Helikos IPO

Helikos was listed on the Frankfurt stock exchange on February 4, 2010. Its sole purpose was to invest in an unlisted German "Mittelstand" company within two years of its IPO. This acquisition was realized in July 2011 and is presented in the paragraph on changes in the scope of consolidation in fiscal year 2011.

In light of the various instruments issued by Helikos and held by Wendel, Wendel accounted for the following items by the equity method:

- Helikos' expenses (IPO, operations and acquisition target search) and ongoing working capital requirements, based on Wendel's proportion of the sponsors' shares, i.e. 88% in 2010, and
- €200 million in cash held in escrow for the acquisition, based on Wendel's proportion of the listed shares, i.e. 6.75%.

Note 2 - 2.3 Finalization of the financial restructuring and takeover of Stahl (high-performance coatings and leather finishing products)

As of December 31, 2009, Stahl was accounted for by the equity method (46%). Because of Stahl's accumulated losses as of that date, its carrying value in Wendel's consolidated balance sheet was zero.

On February 26, 2010, Wendel successfully completed the renegotiation of Stahl's debt with the unanimous support of senior, second lien and mezzanine lenders. In accordance with the proposal made to creditors in the 4th quarter of 2009, Wendel contributed €60 million in cash to Stahl (including €0.1 million in the form of equity and €59.9 million in the form of a shareholder loan).

Under this restructuring, Stahl's gross bank debt was reduced by almost 45%, giving the company a financial structure in line with its new business plan.

- Wendel's €60 million cash contribution allowed Stahl to buy back discounted senior debt;
- subordinated lenders (mezzanine and second-lien) forgave their €99 million in loans in exchange for a 6.1% equity stake in Stahl (shares and a shareholder loan) and an earn-out right exercisable only upon the total or partial divestment of Wendel's stake (see Note 39 "Off-balance-sheet commitments"). In addition, Wendel has made a commitment to repurchase the stake held by these shareholders (excl. the right to capital gains). One-third of this commitment can be called in 2015, one-third in 2016 and one-third in 2017. The repurchase price is one-half the market value.

As part of this financial restructuring and Wendel's additional investment, Stahl managers were also invited to take part in the investment.

Following the restructuring and manager investment, Wendel's percentage interest in Stahl was 91.9% (91.5% after taking into account minority co-investment by Wendel's executives).

Note 2 - 2.4 Sale of a block of 14.45 million shares of Legrand (products and systems for low-voltage installations), or 5.5% of the capital

On September 21, 2010, Wendel sold a block of 14.45 million Legrand shares at €23.95 per share.

Sale proceeds	€346.1 million
Carrying value of the shares sold (including the reversal of translation adjustments)	€119.1 million

Selling costs	(€1.1 million)
Gain on sale, net of selling costs	€225.9 million

The gain on sale was recognized in the "Net income from equity-method investments" item of the 2010 income statement.

Note 2 - 2.5 Divestment of Stallergenes (allergenic immunotherapy)

On November 16, 2010, Wendel sold its entire stake in Stallergenes (ca. 46% of share capital). The sale was carried out at €59 per share and generated €358.8 million in proceeds, thus valuing the company at around 15 times Ebitda, 18 times operating income and 28 times net income. The transaction generated a capital gain of €300 million for Wendel. It represented a multiple of 35 times its initial investment and an internal rate of return of 40% p.a.

Sale proceeds	€358.8 million
Carrying value (including the reversal of translation adjustments)	€57.5 million
Selling costs	(€1.1 million)
Gain on sale, net of selling costs	€300.2 million

Stallergenes' income and expenses for 2010 have been grouped together under "Net income from discontinued operations and operations held for sale". The capital gain recognized in 2010 is also presented under "Net income from discontinued operations and operations held for sale".

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 Supervisory Board and Executive Board; and
- Wendel Participations, which is the Group's control structure.

Note 3 - 1. Saint-Gobain

During fiscal year 2011, Wendel received €103.3 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 2011, Wendel received €25.8 million in dividends from Legrand.

Note 3 - 3. exceet

As part of its administrative assistance services agreement in place until July 2011, Wendel received €60 thousand from Helikos.

In addition, Wendel has granted a shareholder loan of €6.7 million to exceet, of which €1.3 million was repaid in early 2012.

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

Compensation paid by Wendel to corporate officers in respect of 2011 amounted to €2,873.5 thousand. The value of options allocated to the members of the Executive Board in 2011 totaled €2,003.2 thousand as of the date they were granted. At the end of the fiscal year, their value was reduced to €427.2 thousand.

Compensation paid to members of the Supervisory Board totaled €836.4 thousand, including €694.2 thousand in Wendel director's fees and compensation paid to the Chairman of the Supervisory Board, €47.2 thousand in director's fees paid to certain members of the Supervisory Board by Wendel-Participations for serving on its Board, and €90.7 thousand paid by Wendel's subsidiaries to certain members of the Supervisory Board for serving on their Boards.

In addition, three former employees of the Group who were members of the Supervisory Board in 2011 benefit from a Wendel Group supplementary pension plan described in Note 15 - 2.4. In 2011, the insurance company was to pay them the following net retirement benefits: €157 thousand to Jean-Marc Janodet, who retired on July 1, 2002 after 42 years of service to the Group; €657 thousand to Ernest-Antoine Seillère, who retired on June 1, 2005 after 30 years of service to the Group, and €157 thousand to Guy de Wouters, member of the Supervisory Board until May 30, 2011, who retired on January 1, 2000 after 15 years of service to the Group.

The Company has committed to pay Frederic Lemoine, Chairman of the Executive Board, in the event of his departure, a maximum of twice his most recent yearly fixed salary and variable pay on achieved objectives, 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 co-invested in Materis, Deutsch, Stahl and VGG. See the description of the co-investment mechanisms in Note 4 "Participation of managers in Group investments" for more information.

Note 3 - 5. Wendel Participations

Wendel Participations is owned by about 1,000 members of the Wendel family, including both individuals and legal entities. It owns about 34% 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:

- an agreement on the use of the "Wendel" name and a licensing agreement covering the brand "Wendel Investissement"; and
- technical assistance agreements and property leases with Wendel Participations.

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.

After having been suspended for two years, the co-investment mechanism has been amended so as to keep shareholder and management interests focused on maximizing the value of each investment while limiting co-investors' exposure to the upside potential and downside risk of losing their full investment.

In its meetings of March 22, May 10 and May 30, 2011, the Supervisory Board, acting on the advice of the Governance Committee, amended the principles of co-investment so as to make them more specific. Beginning in 2011, for investments made by the Wendel Group in new companies:

- 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 amount 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 the amounts the 70% of their investment;
- iv) rights linked to co-investments plus leverage 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);

v) The potential capital gain 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 in question is listed on a stock exchange. The liquidity extended to co-investors can be either total or proportional to the investment that was sold;

vi) Eight years after Wendel's initial investment, if Wendel has not fully divested from 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-renowned appraiser;

vii) Members of the management team commit, in the event of their departure, to sell on demand their unvested rights to Wendel at their initial value (see paragraph iv above). In the event of departure for misconduct, they also commit to sell their vested rights, according to pre-defined valuation rules. In the event of departure without misconduct, they can also request the repurchase of all of their rights according to pre-defined valuation rules.

Wendel Group managers have made co-investments, governed by the above principles, in two companies acquired by Wendel in 2011: Parcours and Mecatherm. 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 divided into two compartments: Parcours and Mecatherm. An independent appraiser has certified that the co-investments have been realized at a price that is within the range of fair value.

After prior authorization from the Supervisory Board on May 10 and August 30, 2011, Frederic Lemoine and Bernard Gautier invested €219,780 and €146,520, respectively, in Oranje-Nassau Développement.

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 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) 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 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) the capital gain 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.

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.

Finally, regardless of the applicable rules, 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 €0.1 million for all co-investor/managers (corresponding to Wendel investments of less than €20 million) can be deferred until a cumulative threshold of €0.25 million 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

In Group subsidiaries and associates, various mechanisms exist 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 in stock-option and/or bonus share plans. For unlisted subsidiaries (Deutsch, 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 15%). 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, stock options, 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 except) and others are unlisted (Materis,

Deutsch, 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 risk on their valuation. 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. This was how the financial restructurings of Materis, Deutsch and Stahl were successfully executed in 2009 and 2010, demonstrating Wendel's ability to anticipate and manage the constraints imposed by LBO financing and preserve the value expected from its investments. Similarly, more than 18 months in advance of its first repayment dates, Materis launched negotiations with its 200 lenders aimed essentially at postponing 2013-15 maturities to 2016 and increasing its sources of liquidity.

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.

In the context of the Eufor group's bank debt not subject to margin calls (Saint-Gobain investment financing), Wendel had purchased puts on part of its ownership interest in Saint-Gobain. In 2009 and 2010, confident in Saint-Gobain's growth prospects, Wendel sold two-thirds of these puts. These puts constituted a financial asset whose value varied inversely with the price of Saint-Gobain shares. Wendel sold all of the 13.4 million puts it held as of December 31, 2010 during the 1st half of 2011 (see Note 13 "Derivatives"). Thus, as of December 31, 2011 all of the Saint-Gobain shares held by Wendel were exposed to variations in the share price.

In addition, Wendel issued (wrote) 6.1 million European puts on Saint-Gobain in 2007. As of December 31, 2010 and 2011 these options were in the money (i.e. they had a negative value for Wendel), they were recognized as financial liabilities and presented in Note 13 "Derivatives". In 2011, the maturity of these puts was extended by 12 months; they now expire between September 2012 and March 2013. 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.

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, 2011, 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 "Derivatives");
- short-term financial investments indexed to the equity markets, the total value of which was €29 million as of December 31, 2011. 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 +/- €1.4 million on the value of these investments and on the income statement;
- The Saint-Gobain shares purchased in the summer of 2011, classified as current financial assets (see Note 2 "Changes in scope of consolidation") and whose value was €56.7 million as of the end of 2011. 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;
- 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";
- 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, 2011, €500 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	of a -/+0.5% in discount rate applied to the value of future cash flows	of a +/-0.5% in perpetual growth rate used to calculate discounted future cash flows	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	4,788.7	2,664.3	-133.2	9	NA (1)	0 / -24	0 / 0	-200
Legrand	141.7	382.4	-19.1	9	0	NA (3)	NA (3)	NA (3)
Orange Nassau	57.5	43.6	-2.2	9	NA (1)	0 / 0	0 / 0	0
Développement - except								
Consolidated investments								
Bureau Veritas	1,098.1	3,169.3	-158.5	6	0	NA (3)	NA (3)	NA (3)
Materis	-156.0	NA	NA	6				
Materis shareholder loan (2)	221.4							
	<u>65.4</u>				NA			
Deutsch	-122.6	NA	NA	6				
Deutsch shareholder loan (2)	382.1							
	<u>259.5</u>				NA (4)	NA (4)	NA (4)	NA (4)
Stahl	-2.6	NA	NA	6				
Stahl shareholder loan (2)	65.4							
	<u>62.8</u>				NA	0	0	0
Oranje-Nassau								
Développement								
- Parcours	114.3	NA	NA	6	NA	0	0	NA
- Mecatherm	112.8	NA	NA	6	NA	0	0	0
Financial instruments								
Puts issued (written) on Saint-Gobain	-194.3	-194.3	-9.0	13	+/-9	NA	NA	NA
Other financial assets								
Unconsolidated Saint-Gobain shares	56.7	56.7	-2.8	13	+/-2.8	NA	NA	NA
Short-term financial investments indexed to the equity markets	28.6	28.6	-1.4		+/-1.4	NA	NA	NA

- (1) Impairment tests are based on value in use (discounted future cash flows). See Note 9 "Equity-method investments";
- (2) Eliminated in consolidation;
- (3) The recoverable value used for impairment tests on these investments is the market share price (fair value);
- (4) The sale price expected for the Deutsch group is far in excess of the carrying value. See Note 2 "Changes in scope of consolidation".

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. 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 primarily of short-term bank deposits and low-volatility, money-market mutual funds (classified under "Cash and cash equivalents"), as well as 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.

1.2. Cash and short-term financial investments as of December 31, 2011

As of December 31, 2011, cash and short-term financial investments held by Wendel and its holding companies (excluding operating subsidiaries) were as follows:

in millions of euros	Available	Pledged	Total
Money-market mutual funds ⁽¹⁾	427	14	441
Bank accounts and bank certificates of deposit ⁽¹⁾	10	133	143
Diversified, equity and bond funds ⁽²⁾	46		46
Funds managed by financial institutions ⁽²⁾	225		225
Total	708	147⁽³⁾	855

(1) Classified under cash and cash equivalents

(2) Classified under current financial assets

(3) Pledged as collateral under Eufor group financing arrangements (structure that holds the Saint-Gobain investment).

This cash position does not reflect the positive impact of the expected sale of Deutsch (see Note 2 "Changes in scope of consolidation").

2. Managing debt maturities and refinancing

2.1. 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 3, Solvency 2), and
- the level of financial leverage of Wendel and its holding companies (i.e. net debt/assets), which is 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.

In 2011, as in 2009 and 2010, Wendel successfully carried a new bond issue (see Note 16 "Financial debt"), thus demonstrating its ability to manage its financial maturities effectively. The 2018 bonds issued in 2011 enabled Wendel to repay part of the bank debt related to the Saint-Gobain investment prior to maturity. Through this transaction, Wendel extended the average maturity of its financing and that of its holding companies and simplified its financial structure by emphasizing unsecured bonds without financial covenants rather than Eufor group bank borrowings (Saint-Gobain investment structure).

Other changes and adjustments were made to bank debt during 2011 to reduce overall financing costs for Wendel and its holding companies, make the financial structure more flexible and extend the average maturity of the debt of Wendel and its holding companies (see Note 16 "Financial debt").

Wendel also has credit lines available to it 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 of December 31, 2011, Standard and Poor's long-term rating for Wendel was BB- with a "negative" outlook. The short-term rating is B.

2.2. Debt position as of December 31, 2011

As of December 31, 2011, gross debt with recourse to Wendel consisted of:

- €2,778 million in Wendel bonds with maturities ranging from 2014 to 2018 (see details in Note 16 "Financial debt");
- a syndicated credit facility, with €500 million outstanding. Wendel has a €1.2 billion syndicated revolving credit facility, with a maturities in September 2013 (€950 million), September 2014 (€250 million). Therefore €700 million remains available, with a maturity of September 2013, provided Wendel complies with the covenants (see Note 5 - 2.4.2 "Syndicated loan documentation and covenants").

As of the end of 2011, the average maturity of this debt was 4.1 years.

Eufor bank debt without recourse to Wendel totaled €1,385 million as of end-2011. 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 3.5 years.

As of the end of 2011, the Eufor group also had two undrawn lines of credit totaling €990 million. The purpose of these lines is to finance or refinance the investment in Saint-Gobain shares. 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 58 million Saint-Gobain shares not already pledged or linked to a financing arrangement as of December 31, 2011. These lines mature in 2013 (€366 million), 2014 (€174 million), 2016 (€225 million) and 2017 (€225 million).

All debt not subject to margin calls was repaid prior to maturity during the 1st half of 2011 in connection with the sale of puts Wendel had purchased on Saint-Gobain (see Note 13 - 4.1 "Derivatives" and Note 16 "Financial debt").

The average maturity of Wendel's and Wendel's holding companies' financing (including non-recourse debt of the Eufor group) was 3.9 years as of the end of 2011.

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

The syndicated credit, under which €500 million was outstanding as of December 31, 2011, 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 (Saint-Gobain investment structure)

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, 2011 are described in Note 5 - 2.4.3 "Margin calls on Eufor group financing").

During 2011, certain bank loans subject to margin calls were repaid and another was renegotiated (see Note 16 "Financial debt"), thereby reducing the impact of margin calls on the level of available cash.

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 subsidiaries on Wendel

Debt of operating subsidiaries and the Eufor group (financing of the Saint-Gobain investment) 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 its operating subsidiaries and associates that might experience cash flow difficulties. Similarly, the operating subsidiaries have no mutual support obligation. 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. In 2009 and 2010, Wendel

chose to support its investments in Materis, Stahl and Deutsch, given the prospects for recovery in their businesses. 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 has an impact on their value; this is taken into account in calculating Wendel's financial leverage (see above).

Note 5 - 2.3 Wendel's liquidity outlook

Wendel's liquidity risk for the 12 months following the 2011 closing is low, given the level of cash and short-term financial investments available to it (€708 million at December 31, 2011, excl. the positive impact of the expected sale of Deutsch) and because there is no debt repayment date before September 2013. Despite the drop in financial markets in since the summer of 2011, this level of liquidity will allow Wendel to meet its cash needs, fund any Eufor margin calls triggered by sharp drops on the financial markets and meet its coming financial maturities and those of its holding companies.

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 (€500 million outstanding as of December 31, 2011)

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, 2011 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, Deutsch, Stahl, Parcours, excecet 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, 2011 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 (Saint-Gobain investment structure)

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, so 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, 2011, collateral was comprised of €995 million in financed Saint-Gobain shares (33.5 million shares at the closing share price), €147 million in cash, and €1,164 million in listed shares (Bureau Veritas and Legrand at their closing prices). As of the same date, Wendel had €708 million in available cash and short-term financial investments and €2,388 million in unpledged Legrand and Bureau Veritas shares (valued at their closing prices), which would enable it to meet additional margin calls in the event of a financial markets decline well in excess of that experienced since the summer of 2011. The volume of bank debt subject to margin calls is less than one-half what it was at the start of 2009, and the collateral arrangements are now much more weighted towards collateral in the form of shares rather than cash.

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, 2011, the gross face value of Bureau Veritas' financial debt was €1,268 million (including accrued interest and excluding issuing costs; see details on maturity dates in Note 16 "Financial debt"). Its cash balance was €244 million. At that date, Bureau Veritas also had the following undrawn lines of credit:

- €215.6 million available under the loan maturing in 2012-13;
- €150 million available from the French private placement with maturity of June 2015;
- \$100 million undrawn and available under the US private placement, with maturity in 2021. This amount is available until October 2014, subject to prior approval by the lender.

The US, French and German ("Schuldschein") private placements require compliance with the following ratios:

- an interest cover ratio, i.e. EBITDA divided by net interest expense, of more than 5.5;
- a leverage ratio, i.e. the ratio between net consolidated debt and EBITDA, of less than 3 (3.25 for the US private placement maturing in 2018-20 and the German "Schuldschein" loan).

These ratios are calculated on a rolling 12-month basis, twice per year, at June 30 and December 31. As of December 31, 2011, Bureau Veritas was in compliance with these ratios.

Moreover these financing agreements contain standard clauses that restrict Bureau Veritas' operating freedom, in particular its ability to grant security, contract or grant loans, pledge collateral, undertake acquisitions, divestments, mergers or restructuring, and to make certain types of investments. They call for total or partial accelerated maturity should certain events take place and include change-of-control clauses. The US private placement agreements include a make-whole clause exercisable in the event of default, which would add to the accelerated debt repayments mentioned above. In addition to repaying principal and accrued interest, Bureau Veritas might be required to indemnify these lenders based on the difference between the fixed rate of interest over the remaining term and the yield curve for US government bonds over the same maturity. Change of control is not an event of default under the US private placement agreements.

2. Materis bank debt

This debt is without recourse to Wendel.

As of December 31, 2011, the gross face value of Materis' bank debt was €1,923 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 €84 million.

The Materis group is subject to the following covenants:

- LTM EBITDA divided by net interest expense, must be greater than 1.79 as of December 31,

2011. The minimum rises to 3.20 at June 30, 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 8.96 as of December 31, 2011. This ceiling falls to 4.92 at December 31, 2016;
- the ratio of cash flow after capex and dividends (plus available cash up to €35 million) to total debt service (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 2011 through 2016.

These covenants are tested quarterly and Materis was in compliance with them as of December 31, 2011.

The credit agreements entered into by Materis contain the standard restrictions for this type of LBO 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.

More than 18 months in advance of its first repayment dates, Materis launched negotiations with its 200 lenders aimed essentially at postponing 2013-15 maturities to 2016 and increasing its sources of liquidity.

3. Stahl bank debt

This debt is without recourse to Wendel.

As of December 31, 2011, the gross face value of Stahl's bank debt was €205 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 €20 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 6.55 at December 31, 2011 (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 2.60 at December 31, 2011. 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 €11 million (this ceiling will rise to €14 million in 2014). This ratio is tested annually.

As of December 31, 2011, Stahl was in compliance with these covenants.

The credit agreements entered into by Stahl contain the standard restrictions for this type of LBO 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, 2011, the gross face value of Parcours' bank debt was €372 million. Bank debt consisted of credit lines used to finance leased vehicles. 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/PP&E, net interest expense/EBITDA). As of December 31, 2011 Parcours was in compliance with these financial ratios.

5. Mecatherm bank debt

This debt is without recourse to Wendel.

As of December 31, 2011, the gross face value of Mecatherm's bank debt was €68 million (including accrued interest and non-recourse discounting, and excluding issuance costs and shareholder loans; see details on maturity dates in Note 16 "Financial debt"). Its cash balance was €8 million.

As of the end of 2011, the Mecatherm group was subject to the following covenants:

- the ratio of consolidated net debt to LTM EBITDA must be less than or equal to 3.9 at December 31, 2011 (this ceiling falls to 2.5 on December 31, 2018). This ratio is tested every six months;
- annual capex must not exceed €2 million.

As of the date the financial statements were approved, these ratios were being calculated and Wendel believes that Mecatherm was in compliance.

Beginning in 2012, the Mecatherm group will also be subject to the following covenants:

- the ratio of cash flow after capex and taxes to total debt service, i.e. interest payable plus scheduled principal repayment, must be greater than or equal to 1 from December 31, 2012 until December 31, 2018. This ratio will be calculated on a rolling 12-month basis and will be tested every six months;
- the ratio of LTM EBITDA to interest expense must be greater than or equal to 2.9 at June 30,

2012. This minimum rises to 3.8 at December 31, 2018. This ratio will be calculated on a rolling 12-month basis and will be tested every six months.

The credit agreements entered into by Mecatherm contain the standard restrictions for this type of LBO 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.

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 (notably in the case of LBO-type financing). 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, 2010, the exposure of the Wendel Group (Wendel, its holding companies and fully-consolidated operating subsidiaries) to interest rates was limited.

<i>in billions of euros</i>	Fixed rate	Capped rate	Floating rate
Gross debt	3.3		6.9
Cash and short-term financial investments *	-0.3		-1.7
Impact of derivatives	2.9	1.3	-4.2
Interest-rate exposure	5.9	1.3	0.9
	72%	16%	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, 2010 during which they hedged 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.

<i>in billions of euros</i>	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 will hedge 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 ranging from -€21 million to +€16 million on net finance costs before tax over the 12 months after December 31, 2011, based on net financial debt at December 31, 2011, interest rates on that date and the maturities of interest-rate hedging derivatives. The proceeds from the sale of Deutsch will change this position (see Note 2 "Changes in scope of consolidation").

Note 5 - 4. Managing credit risk

Each operating subsidiary has a policy to monitor its customer credit risk, and receivables for which a risk exists are written 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 at December 31, 2011 (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

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 - 5.1 Bureau Veritas

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

In 2011, more than half of Bureau Veritas's net sales were in currencies other than the euro, including 16% in US dollars, 7% in Australian dollars, 5% in yuans, 5% in Brazilian reals and 4% in Hong Kong dollars. No other currency individually accounted 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 and notably in US dollars or 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 +/-5% fluctuation in the US dollar against the euro would have had an impact of +/-1.0% on Bureau Veritas's 2011 operating income. A +/-5% fluctuation in the Australian dollar against the euro would have had an impact of +/-0.2% on Bureau Veritas's 2011 operating profit. The combined impact on operating profit would have been +/-€6 million.

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.

The US private placement (see Note 16 "Financial debt") is denominated in US dollars and pounds sterling, currencies that are different from the operating currency of the entity that contracted the loan. In order to protect against currency risk on the income statement and to convert the debt synthetically into euros, the US private placement has been hedged through a cross-currency swap (see Note 13 "on "Derivatives"). Similarly, a portion of the bank debt tranche amortizable in US dollars has been synthetically converted into euros.

Finally, the impact on income before tax of a +/-5% fluctuation in the US dollar on USD-denominated financial assets and liabilities held by entities having a non-USD operating currency is -€2.0/+3.0 million.

Note 5 - 5.2 Stahl

In 2011, 54% of Stahl's net sales were in currencies other than the euro, including 14% in US dollars, 15% 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% on Stahl's 2011 income from ordinary activities before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), or less than €1 million. Stahl also had financial debt of about €160.4 million, denominated in US dollars and carried by a company whose operating currency is the euro. Hence, in the event of a +/-5% fluctuation in the dollar's value against the euro, a translation impact of about -/+€8 million would be recognized in net financial expense.

Note 5 - 5.3 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 2011, a +/-5% fluctuation in the USD exchange rate would have had an immaterial impact on income from ordinary activities.

NOTES TO THE BALANCE SHEET

NOTE 6. GOODWILL

in millions of euros	12/31/2011		
	Gross amount	Impairment	Net amount
Bureau Veritas	473.3		473.3
Materis	899.5	297.6	601.9
Stahl	24.1	-	24.1
Oranje-Nassau Développement	138.1	-	138.1
Subsidiaries of Bureau Veritas	1,410.8	32.5	1,378.3
Subsidiaries of Materis	172.1	-	172.1
Total	3,117.9	330.1	2,787.8
in millions of euros	12/31/2010		
	Gross amount	Impairment	Net amount
Bureau Veritas	479.6		479.6
Deutsch	378.6	82.1	296.5
Materis	899.5	225.4	674.2
Stahl	24.1	-	24.1
Subsidiaries of Bureau Veritas	1,345.8	16.4	1,329.3
Subsidiaries of Deutsch	7.8	-	7.8
Subsidiaries of Materis	150.3	-	150.3
Total	3,285.6	323.9	2,961.8

The principal changes during the year were as follows:

in millions of euros	2011	2010
Net amount at beginning of year	2,961.8	2,458.4
Business combinations (1)	216.4	442.2
Reclassification of Deutsch under "Operations held for sale"	-304.3	-
Divestment of Stallergenes	-	-34.3
Impact of changes in currency translation adjustments and other	0.3	104.0
Impairment for the period (2)	-86.4	-8.5
Net amount at end of year	2,787.8	2,961.8

- (1) This item includes (see Note 2 "Changes in scope of consolidation"):
 - €35.8 million and €102.3 million related to Oranje-Nassau Développement's acquisition of Parcours and Mecatherm, respectively;
 - €57.9 million related to Bureau Veritas's acquisitions;
 - €20.4 million related to Materis's acquisitions.
- (2) €70.3 million in impairment recognized by Materis and €16.1 million by Bureau Veritas on their own CGUs.

Note 6 - 1. Goodwill impairment tests

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 approved on situations existing at the end of December 2011. 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 2011 balance sheet date.

Note 6 - 1.1 Impairment test on Bureau Veritas goodwill

The carrying value of the Bureau Veritas shares Wendel held (€19.5/share, or €1,098 million as of the end of 2011) was far below their fair value (closing share price: €56.3/share, or €3,169 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's impairment tests on its own Cash Generating Units (CGUs) led to an impairment charge of €16.1 million on its Spanish construction unit. This impairment loss was 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 tests were also performed on these subsidiaries. The values in use determined by Wendel for these tests were the discounted values of future cash flows, which were compared to the carrying values. The business plans used were prepared by Wendel on the basis of those drawn up by the subsidiaries and of the latest information available on the underlying markets.

1. Materis

A discount rate of 8.3% was used for Materis (same rate as in 2010), and a long-term growth rate of 2.25% was applied to post-business plan cash flows (same rate as in 2010). The business plan covers a five-year period. Materis' value in use, calculated thus by Wendel, was above its carrying value at December 31, 2011, and 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 be in the region of 11%; even a significant reduction in the long-term growth rate would not result in an impairment loss. Moreover, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 100 basis points, no impairment would have to be recognized.

Materis also carried out an impairment test on its CGUs as of December 31, 2011. 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 2.0% and 3.0% depending on the country and the business. Discount rates averaged 8% and varied between 7% and 20%, depending on the country and the business. As a result of this test, Materis recognized a total of €70.3 million in impairment losses in 2011 on its Southern Europe CGUs. These impairment losses were maintained in Wendel's financial statements.

2. Stahl

A discount rate of 10.4% was used for Stahl (vs. 10.3% in 2010), and a long-term growth rate of 2.0% was applied to post-business plan cash flows (same rate as in 2010). The business plan covers a five-year period. Stahl's value in use, calculated thus by Wendel, was above its carrying value at December 31, 2011, and 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 discount rate or the long-term growth rate would have to change significantly. Moreover, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 100 basis points, no impairment would have to be recognized. Separately, no impairment loss was recognized in Stahl's financial statements.

3. Parcours

A discount rate of 9.7% 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, calculated thus by Wendel, was above its carrying value at December 31, 2011, and 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 discount rate or the long-term growth rate would have to change significantly. Separately, no impairment loss was recognized in Parcours' financial statements.

4. Mecatherm

A discount rate of 9% was used for Mecatherm and a long-term growth rate of 2% was applied to post-business plan cash flows. The business plan covers a five-year period. Mecatherm's value in use, calculated thus by Wendel, was above its carrying value at December 31, 2011, and 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 be much lower or the discount rate would have to be more than 11%. Moreover, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 100 basis points, 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	12/31/2011		
	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)	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 lives			
Acquired			
Brands (2)	851.7	9.1	842.6
	851.7	9.1	842.6
Total	2,232.4	743.0	1,489.4

in millions of euros	12/31/2010		
	Gross amount	Amortization and provisions	Net amount
Amortizable assets			
Internally generated	4.8	4.0	0.8
Acquired			
Concessions, patents and licenses	99.1	14.2	85.0
Customer relationships (1)	1,257.3	587.7	669.7
Software	111.9	77.7	34.2
Other intangible assets	29.9	17.4	12.5
	1,498.3	696.9	801.3
Assets of indefinite useful lives			
Acquired			
Brands (2)	836.2	15.7	820.4
	836.2	15.7	820.4
Total	2,339.3	716.7	1,622.6

The principal changes during the year were as follows:

in millions of euros	2011	2010
Amount at beginning of year	1,622.6	1,439.5
Acquisitions	18.1	12.2
Internally generated assets	0.8	0.9
Changes due to "Operations held for sale" (3)	-192.3	-
Impact of business combinations (4)	112.8	250.6
Impact of currency translation adjustments and other	-4.9	41.1
Amortization and impairment losses for the year	-67.7	-121.7
Amount at end of year	1,489.4	1,622.6
<i>of which</i>		
<i>Wendel and holding companies</i>	-	-
<i>Bureau Veritas</i>	569.5	579.8
<i>Deutsch</i>	-	192.3
<i>Materis</i>	757.8	769.0
<i>Stahl</i>	74.2	81.2
<i>Oranje-Nassau Développement</i>	87.6	-
<i>Wendel and holding companies</i>	0.2	0.3
Total	1,489.4	1,622.6

(1) Wendel has recognized the following principal customer relationship values: €236.0 million and €153.7 million upon the acquisition of Materis and Deutsch, respectively, in 2006 and €436.0 million upon taking control of Bureau Veritas in 2004. In 2011, the main changes related to Bureau Veritas (+€36.6 million) and Oranje-Nassau Développement's consolidation

of Parcours (+€21.4 million), offset by the presentation of Deutsch under operations held for sale in line with IFRS 5 (-€192.3 million).

- (2) As of December 31, 2011, "Brands" included mainly the following, in net value: €197.5 million related to Bureau Veritas, €587.0 million related to Materis and €51.0 million related to Oranje-Nassau Développement (Mecatherm).
- (3) Changes due to operations sold or in the process of being sold related only to the reclassification of the assets of the Deutsch group.
- (4) The impact of business combinations reflected mainly the impact of Oranje-Nassau Développement's acquisition of Parcours and Mecatherm.

NOTE 8. PROPERTY, PLANT & EQUIPMENT

in millions of euros	12/31/2011		
	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

in millions of euros	12/31/2010		
	Gross amount	Depreciation, amortization and provisions	Net amount
Land	99.7	5.7	94.0
Buildings	365.9	171.7	194.2
Plant, equipment and tooling	1,129.7	701.3	428.4
Other property, plant & equipment	556.7	347.3	209.3
Assets under construction	62.5	-	62.5
Total	2,214.5	1,226.0	988.4

Principal changes during the year and detail by company:

in millions of euros	2011	2010
Amount at beginning of year	988.4	847.2
Acquisitions (1)	371.6	170.5
Divestments	-11.0	-7.9
Changes due to "Operations held for sale" (2)	-84.7	-56.4
Impact of business combinations (3)	465.6	158.4
Parcours: reclassification in inventory of used vehicles (net)	-57.8	-
Impact of currency translation adjustments	-6.4	25.8
Depreciation, amortization and provisions recognized during the year	-230.8	-149.1
Amount at end of year	1,434.9	988.4
<i>Bureau Veritas</i>	319.6	281.1
<i>Deutsch</i>	-	84.7
<i>Materis</i>	530.0	517.7
<i>Stahl</i>	93.9	96.9
<i>Oranje-Nassau Développement</i>	484.0	-
<i>Wendel and holding companies</i>	7.5	8.0
<i>Total</i>	1,434.9	988.4

The change in property, plant & equipment during 2011 derived principally from:

- (1) Oranje-Nassau Développement (€178.9 million in vehicles acquired by Parcours from April 1 to December 31, 2011), Bureau Veritas (€104.0 million) and Materis (€79.2 million).
- (2) reclassification in accordance with IFRS 5 of all of Deutsch's assets following Wendel's decision to sell the group.
- (3) the acquisition of Parcours and Mecatherm by Oranje-Nassau Développement;

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	12/31/2011	12/31/2010
Saint-Gobain	4,788.7	4,883.2
Legrand	141.7	429.8
exceet	57.5	-
Helikos	-	15.2
Investments of Bureau Veritas	0.7	0.5
Investments of Materis	3.4	3.3
Investments of Stahl	2.1	2.2
Total	4,994.1	5,334.1

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

in millions of euros	2011
Amount at beginning of year	5,334.1
Share in net income for the year	
Saint-Gobain	138.0
Legrand	55.4
Helikos	-1.7
exceet	0.1
Other	0.8
Dividends paid	-129.1
Impact of changes in currency translation adjustments	-18.6
Acquisition of exceet shares (1)	27.7
Increase in Helikos SPAC shareholding (1)	16.1
Sale of Legrand shares (1)	-308.4
Other	-120.4
Amount at December 31, 2011	4,994.1

(1) See Note 2, "Changes in scope of consolidation".

Note 9 - 1. Additional information on Saint-Gobain

in millions of euros	12/31/2011	12/31/2010
Carrying values at 100%		
Total assets (Saint-Gobain)	46,234	43,997
Impact of the revaluation of acquired assets and liabilities	4,522	4,996
Residual goodwill (excluding goodwill in Saint-Gobain's balance sheet)	5,720	5,720
Non-controlling interests	403	364
Total liabilities	28,016	25,765
	2011	2010
Net sales ⁽¹⁾	42,116	40,119
Operating income	3,441	3,117
Business income	2,646	2,524
Recurring net income, group share	1,736	1,335
Net income - group share	1,284	1,129
Impact of the revaluation of acquired assets and liabilities	-475	-471

(1) Net sales grew by 5.0% in 2011; organic growth totaled 5.0%.

Note 9 - 2. Additional information on Legrand

in millions of euros	12/31/2011	12/31/2010
Carrying values at 100%		
Total assets (Legrand)	6,655.5	6,064.7
Goodwill adjustment (Wendel)	-526.6	-525.5
Non-controlling interests	3.4	5.4
Total liabilities	3,706.3	3,328.7
	2011	2010
Net sales ⁽¹⁾	4,250.1	3,890.5
Adjusted operating income ⁽²⁾	856.7	797.0
Operating income	812.3	757.6
Net income - group share	478.6	418.3

(1) Net sales grew by 9.2% in 2011; organic growth totaled 6.4%.

(2) Operating income restated for accounting items linked to the 2002 acquisition of Legrand France and impairment of goodwill (-€15.9 million in 2011, zero in 2010).

Note 9 - 3. Additional information on exceet

in millions of euros	09/30/2011
Carrying values at 100%	
Total assets (exceet)	177.6
Goodwill adjustment (Wendel)	116.9
Non-controlling interests	-
Total liabilities	92.4

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. Consequently only two months of exceet's operations were included in Wendel's 2011 net income from equity-method investments. The impact of the last three months on Wendel's financial statements would not have been significant.

Oranje-Nassau Développement's percentage interest in exceet Group SE is subject to the potentially dilutive effect of financial instruments issued by exceet (see Note 2 "Changes in scope of consolidation").

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 approved on situations existing at the end of December 2011. 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 2011 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 (€9.2/share or €141.7 million for the shares Wendel holds) was far below its fair value (share price at year-end: €24.85/share, or €382 million). As a result, no impairment was recognized.

Note 9 - 4.2 Impairment test on Saint-Gobain, 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 (€29.67 per share, or €2,664 million for the 89.8 million Saint-

Gobain shares accounted for under the equity method) or (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 calculating value in use was prepared by Wendel on the basis of publicly available information, including 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. In accordance with IAS 36, these assumptions do not include a strategic acquisition, or any scenario under which Saint-Gobain would divest its packaging business. 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, 2010: 2%. The discount rate used was identical to that used at December 31, 2010: 8%; It was based, among other things, on market parameters (risk-free rate, market premium, beta) and took into account risks specific to the business plan.

As it was at December 31, 2010, the calculated value in use (€59.5/share) was higher than the carrying value of €53.3/share (€4,788.7 million for the 89.8 million equity-accounted shares). As a result, no impairment was recognized. 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.

A sensitivity analysis shows that if the discount rate were 0.5% higher, an impairment of €24 million would have to be recognized, and if the long-term growth rate were 0.5% lower, it would not be necessary to recognize any impairment. For value in use to be equal to the gross carrying amount (i.e. €53.3/share), the discount rate would have to be increased to 8.48% or the long-term growth rate reduced to 1.3%. If the normative margin used for cash flows after the end of the five-year business plan period were reduced by 100 basis points, a €200 million impairment charge 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, 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 (€44 million for the 5.7 million shares held) or (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 a five-year period, and in accordance with IAS 36, its assumptions do not include a strategic acquisition. The long-term growth rate applied to cash flows subsequent to the business plan was 2% p.a. and the

discount rate was 9.6%. The dilutive instruments in exceet's capital (see Note 2 "Changes in scope of consolidation") were taken into account.

The calculated value in use was higher than the carrying value (€57.5 million for the shares held). As a result, no impairment was recognized.

A sensitivity analysis shows that if the discount rate were 0.5% higher, or if the long-term growth rate were 0.5% lower, it would not be necessary to recognize any impairment. For value in use to be equal to the gross carrying amount, the discount rate would have to be increased significantly or the long-term growth rate reduced significantly. Moreover, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 100 basis points, no impairment would have to be recognized.

NOTE 10. INVENTORIES

in millions of euros	12/31/2011		12/31/2010	
	Gross amount	Provisions	Net amount	Net amount
At:				
Deutsch	-	-	-	95.2
Materis	291.6	19.4	272.2	256.0
Stahl	48.4	4.1	44.3	43.7
Oranje-Nassau Développement	33.0	0.7	32.3	-
Total	373.0	24.2	348.8	394.9

NOTE 11. RECEIVABLES

in millions of euros	12/31/2011		12/31/2010	
	Gross amount	Provisions	Net amount	Net amount
At:				
Bureau Veritas	965.9	82.1	883.8	817.6
Deutsch	-	-	-	69.0
Materis	375.6	37.1	338.5	336.1
Stahl	72.5	3.8	68.7	65.6
Oranje-Nassau Développement	66.8	4.3	62.5	-
Wendel and holding companies	0.5	0.2	0.3	0.2
Total	1,481.3	127.5	1,353.9	1,288.4

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

- Bureau Veritas: €359.0 million as of December 31, 2011 vs. €343.1 million as of December 31, 2010, of which €93.7 million and €101.0 million, respectively, were more than three months past due;
- Materis: €94.0 million as of December 31, 2011 vs. €83.1 million as of December 31, 2010, of which €25.6 million and €20.3 million, respectively, were more than three months past due.

NOTE 12. CASH AND CASH EQUIVALENTS

in millions of euros	12/31/2011	12/31/2010
	Net amount	Net amount
Pledged cash and cash equivalents of Wendel and its holding companies, classified as non-current financial assets (1)	146.6	609.2
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current financial assets	437.5	736.7
Cash and cash equivalents of Wendel and its holding companies (2)	584.1	1,345.9
Bureau Veritas	244.1	225.0
Deutsch	-	57.0
Materis	83.6	67.2
Stahl	20.3	20.9
Oranje-Nassau Développement	11.2	-
Cash and cash equivalents of subsidiaries classified as current financial assets	359.2	370.0
Total	943.3	1,715.9

(1) Cash collateral granted to banks as part of the financing of the Eufor group (see Note 39 "Off-balance-sheet commitments" and Note 5 - 2 "Managing liquidity risk").

(2) In addition to this cash, Wendel had €270.9 million in short-term financial investments at December 31, 2011 and €417 million at December 31, 2010 (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	12/31/2011	12/31/2010
Pledged cash and cash equivalents of Wendel and its holding companies -				
A	Income statement (1)	1	146.6	609.2
Unpledged cash and cash equivalents of Wendel and its holding companies	Income statement (1)	1	437.4	736.7
Wendel's short-term financial investments	Income statement (1)	2	270.9	354.3
Assets held until maturity	Amortized cost	1	-	62.7
Cash and short-term financial investments of Wendel and its holding companies			855.0	1,762.9
Cash and cash equivalents of subsidiaries	Income statement (1)	1	359.2	370.0
Assets available for sale	Shareholders' equity (2)	3	6.8	8.0
Financial assets at fair value through profit or loss - B	Income statement (1)	1	74.6	2.3
Loans	Amortized cost	N/A	2.2	16.3
Deposits and guarantees	Amortized cost	N/A	34.0	30.8
Derivatives - C	Income statement (1) / Sh. equity (2)	See C	104.4	266.1
Other			36.8	29.5
Total			1,472.9	2,485.8
of which non-current financial assets			281.4	861.6
of which current financial assets			1,191.5	1,624.2

(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	12/31/2011	12/31/2010
	Income statement (1) / Sh. equity (2)	c	304.9	253.8
Derivatives - C				
Other (incl. puts held by non-controlling shareholders)	N/A	N/A	99.4	24.2
Total			404.3	278.0
of which non-current financial liabilities			130.6	139.6
of which current financial liabilities			273.7	138.5

(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 were not immediately available (see Note 12 "Cash and cash equivalents").

B - Includes 1.9 million Saint-Gobain shares with a value of €56.7 million (see Note 2 "Changes in scope of consolidation").

C - Derivatives:

in millions of euros	Level	12/31/2011		12/31/2010	
		Assets	Liabilities	Assets	Liabilities
Saint-Gobain puts (purchased) (1)	2	-	-	227.2	-
Saint-Gobain puts (written) (1)	2	-	194.3	-	143.9
Economically neutral put positions, March 2012 maturity	2	41.9	41.9	-	-
- Commodity derivatives - hedging of cash flows	2	-	1.7	-	0.0
Interest rate swaps - hedging of cash flows (2)	2	43.4	30.7	30.5	84.9
Interest rate swaps - not qualifying for hedge accounting (2)	2	15.4	34.0	6.6	23.5
Other derivatives - not qualifying for hedge accounting	2	3.7	2.3	1.8	1.5
Total		104.4	304.9	266.1	253.8
of which:					
Non-current portion		61.9	95.5	172.7	126.9
Current portion		42.5	209.3	93.4	126.9

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

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

Note 13 - 4. Puts on Saint-Gobain shares

Note 13 - 4.1 Puts purchased

In the context of the Eufor group's bank debt not subject to margin calls (Saint-Gobain investment financing), Wendel had purchased puts on part of its ownership interest in Saint-Gobain. In 2009 and 2010, confident in Saint-Gobain's growth prospects, Wendel sold two-thirds of these puts. These puts constituted a financial asset whose value varied inversely with the price of Saint-Gobain shares. The 13.4 million puts still held as of December 31, 2010 were all sold during the 1st half of 2011. Since the puts were sold, all of the Saint-Gobain shares held by Wendel have been subject to variations in the share price. The sale caused Wendel to recognize an accounting loss of €58.4 million in the 1st half of 2011. This loss corresponded to the difference between the €168.8 million in proceeds from the sale and the carrying value of the puts at December 31, 2010 (fair value based on the share price) of €227.2 million. This loss came about because the Saint-Gobain share price increased between the end of 2010 and the date the puts were sold. The total gain realized on these puts between the time they were purchased and the time they were sold in 2009, 2010 and 2011 was €291 million.

Note 13 - 4.2 Puts issued (written)

Wendel issued (wrote) 6.1 million puts on Saint-Gobain in 2007, whose value at the end of 2011 was a liability of €194.3 million, vs. a liability of €143.9 million at the opening date. The change in the value of these puts during 2011 caused Wendel to recognize a loss of €50.4 million. The carrying value of the puts 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.

The maturity of these puts was extended for 12 months during the 2nd half of 2011. The new maturity dates range from September 2012 to March 2013. 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. Wendel's finance department verifies the consistency of these calculations.

Notional amount	Characteristics (1)	Qualified as	Start (1)	Maturity (1)	12/31/2011	12/31/2010
sign convention: (+) asset, (-) liability						
Hedging of bonds carried by Wendel						
	Hedging of bond maturing February 2011		pre-closing	02-2011		0.4
€100 million	Pay 3.98% against 4.21%		pre-closing	05-2016	1.0	1.2
€300 million	Pay 12-month Euribor +0.93% between 1.70% and 2.60%. 3.40% if < 1.70% and 3.53% if > 2.60%. Coupon: 3.49%		pre-closing	08-2017	2.1	1.1
					3.1	2.7
Hedging of Eufor's bank debt (2)						
€500 million	Pay 4.28% against Euribor	Hedge	pre-closing	11-2012	-14.5	
€400 million	Pay 1.75% against Euribor	Hedge	pre-closing	02-2014	-6.0	
€700 million	Pay 4.18% against Euribor		pre-closing	01-2012	-0.5	
€700 million	Pay 1.82% against Euribor		pre-closing	10-2013	-9.2	
					-30.3	-66.6
Hedging of subsidiaries' debt						
€50 million	Pay 3.47% against Euribor		pre-closing	06-2013	-1.8	
€70 million	Pay 4.64% against Euribor	Hedge	pre-closing	04-2013	-3.3	
€50 million	4.49%-4.98% interest rate collar on Euribor	Hedge	pre-closing	06-2012	-0.8	
€166 million	2.09%-3.01% interest rate collar on Euribor		pre-closing	01-2013	-1.9	
€200 million	1.13%-2.70% interest rate collar on Euribor		pre-closing	01-2013	-0.9	
€900 million	2.83% cap on Euribor		pre-closing	06-2013	0.1	
€50 million	Pay 1.51% against Euribor	Hedge	pre-closing	01-2013	-0.4	
€150 million	Pay 2.11% against Euribor	Hedge	pre-closing	04-2013	-1.5	
€50 million	2.15%-2.90% interest rate collar on Euribor		pre-closing	12-2012	-0.5	
\$95 million	Pay 2.73% against Libor		pre-closing	12-2014	-4.3	
€44 million	Pay 1.38% against Libor		Jan-12	01-2015	-0.3	
Other derivatives					-0.6	
					-16.2	-25.1
	Cross currency swaps (3)	Hedge			39.6	17.8
	Cross currency swaps (3)				-2.0	
Total					-5.8	-71.2

(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. The net value at December 31, 2011 was -€30.3 million, vs. -€66.6 million at end-2010. The change in value of all swaps qualified as hedges and recognized under shareholders' equity was +€25.4 million for fiscal year 2011. The change in the value of non-qualified instruments and partially-effective hedges recognized through profit or loss was +€10.8 million. Finally, following the repayment of bank debt during the period, certain swaps were dequalified. As a result, €16.5 million in cumulative expenses recognized in hedging reserves were passed through the income statement. Overall, hedging reserves increased by €42 million and net income was reduced by €5.7 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				
12/31/2010	€4	50,501,779	1,078,387	49,423,392
As of	€4	50,560,975	2,114,155	48,446,820
12/31/2011				

Note 14 - 2. Treasury shares

150,000 shares were held under the liquidity contract as of December 31, 2011, (unit cost: €49.89 per share), an increase of 50,000 shares from end-2010.

As of December 31, 2011, Wendel held 1,964,155 of its shares in treasury outside of the context of the liquidity contract (978,387 as of December 31, 2010). These treasury shares are allocated to covering stock option exercises, bonus shares and performance shares.

In total, shares held in treasury represented 4.18% of the share capital as of December 31, 2011.

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

	Assets available for sale	Qualified hedges	Deferred taxes	Total, Group share	Non- controllin g interests	Total shareholde rs' equity
.as of 12/31/2009	7.7	-142.1	4.3	-130.1	0.2	-129.8
. Changes in fair value during the year	2.3	51.3	-5.0	48.5	35.1	83.6
. Amount recognized on the income statement	-5.5	517	0.1	46.2	-0.2	46.1
. Other	0.0	-116	-	-11.6		-11.6
.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)	-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

(1) Qualified hedges - amount recognized on the income statement: Eufor group's interest-rate swap (see Note 13 - 5 "Interest rate swaps and foreign exchange hedges").

Note 14 - 4. Non-controlling interests

in millions of euros	12/31/2011	12/31/2010
Bureau Veritas group	614.5	500.7
Deutsch group	-3.7	-3.4
Materis group	-19.5	4.4
Stahl group	-0.5	-0.3
Parcours group	2.0	-
Mecatherm group	3.0	-
Other	8.2	7.3
Total	604.0	508.7

NOTE 15. PROVISIONS

in millions of euros	12/31/2011	12/31/2010
Provisions for risks and contingencies	129.2	155.0
Employee benefits	152.9	164.6
Total	282.1	319.6
<i>Of which non-current</i>	<i>273.9</i>	<i>312.1</i>
<i>Of which current</i>	<i>8.2</i>	<i>7.5</i>

Note 15 - 1. Provisions for risks and contingencies

in millions of euros	12/31/2010	Additions	Reversals: used	Reversals: unused	Impact of discounting	Business combination s / divestments	Translation adjustments, reclassifications	12/31/2011
Wendel and holding companies (1)	29.6	2.3	-3.6	-2.2				26.1
Bureau Veritas (2)								
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
Total	155.0	26.8	-36.8	-19.2	0.5	-0.7	3.7	129.2
- of which current	7.5							8.2

in millions of euros	12/31/2009	Additions	Reversals:		Impact of discounting	Business combinations / divestments	Translation adjustments, reclassifications	12/31/2010
			used	unused				
Wendel and holding companies (1)	33.2	5.8		-9.3			-0.0	29.6
Bureau Veritas (2)								
Disputes and litigation	70.1	10.9	-4.4	-12.1	1.1	9.2	-0.1	74.7
Other	32.7	14.2	-15.4	-8.6		2.7	0.9	26.5
Deutsch	6.9	1.6	-3.8	-0.2			0.2	4.7
Materis	17.3	5.5	-5.6				0.3	17.4
Stallergenes	1.5					-1.5		
Stahl		0.3	-0.9	-0.1		2.8	0.1	2.2
Total	161.7	38.2	-30.2	-30.3	1.1	13.1	1.3	155.0
- of which current	12.2							7.5

(1) These provisions cover certain disputes and a polluted land remediation risk.

The Odile Jacob publishing house has brought legal action against the Company in the Commercial Courts, seeking to cancel Wendel's acquisition and subsequent resale of the Editis group. The Court has issued a stay of proceedings, pending certain EU decisions. No provision has been recognized for this litigation.

As a result of tax audits carried out on companies in Wendel's tax consolidation group, the tax authority notified Wendel of a certain number of back tax assessments, which Wendel has contested. Should these assessments be maintained by the tax authority and become definitive, Wendel would opt for tax-loss carrybacks at the terms that were applicable in the years in question.

(2) 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, 2011 related principally to the following disputes:

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

Note 15 - 2. Employee benefits

in millions of euros	12/31/2011	12/31/2010
Defined-benefit plans	77.9	74.6
Retirement bonuses	48.6	64.3
Other	26.5	25.7
Total	152.9	164.6
<i>Of which non-current</i>	<i>152.9</i>	<i>164.6</i>
<i>Of which current</i>		

The breakdown by subsidiary was as follows:

	12/31/2011	12/31/2010
Bureau Veritas	104.8	102.7
Deutsch		14.2
Materis	37.7	31.2
Stahl	5.7	14.2
Oranje-Nassau Développement	1.9	
Wendel and holding companies	2.8	2.2
	<i>152.9</i>	<i>164.6</i>

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

Commitments	12/31/2010	Service costs	Actuarial gains and losses	Benefits paid	Interest cost	Curtailment and settlements	Business combinations	Translation adjustments and other		12/31/2011
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
	<i>389.7</i>	<i>16.7</i>	<i>-5.5</i>	<i>-19.8</i>	<i>15.2</i>	<i>1.1</i>	<i>-32.6</i>	<i>2.3</i>		<i>367.1</i>

Partially-funded plan assets	12/31/2010	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses	Business combinations	Translation adjustments and other		12/31/2011
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
	<i>225.1</i>	<i>9.2</i>	<i>6.4</i>	<i>1.0</i>	<i>-5.3</i>		<i>-21.0</i>	<i>-1.3</i>	<i>214.2</i>
Provision for employee benefits	<i>164.6</i>								<i>152.9</i>

The change in provisions for employee benefits broke down as follows for 2010:

Commitments	12/31/2009	Service costs	Actuarial gains and losses	Benefits paid	Interest cost	Curtailment and settlements	Business combinations	Translation	12/31/2010
								adjustments and other	
defined-benefit plans	160.6	4.6	18.1	-7.7	10.7		84.9	-3.9	267.3
Retirement bonuses	86.4	6.4	4.9	-8.6	4.0	0.5	0.3	-2.8	91.2
Other	27.6	2.4	1.8	-2.3	1.3	0.0	0.2	0.3	31.2
	<u>274.6</u>	<u>13.4</u>	<u>24.7</u>	<u>-18.6</u>	<u>16.0</u>	<u>0.5</u>	<u>85.4</u>	<u>-6.4</u>	<u>389.7</u>

Partially funded plan assets	12/31/2009	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses	Business combinations	Translation	12/31/2010
							adjustments and other	
defined-benefit plans	108.7	5.6	4.8	3.0	2.6	70.2	-2.3	192.6
Retirement bonuses	28.7	1.5	-0.5				-2.7	26.9
Other	6.1	0.4			-0.9			5.6
	<u>143.4</u>	<u>7.5</u>	<u>4.4</u>	<u>3.0</u>	<u>1.6</u>	<u>70.2</u>	<u>-5.0</u>	<u>225.1</u>

Provision for employee benefits	<u>131.2</u>							<u>164.6</u>
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Liabilities on defined-benefit plans broke down as follows:

	12/31/2011	12/31/2010
Fully unfunded liabilities	63.2	70.8
Partially or fully-funded liabilities	303.6	318.9
Total	367.1	389.7

Assets of defined-benefit plans broke down as follows as of December 31, 2011:

	2011	2010
Insurance company funds	42%	40%
Equity instruments	18%	22%
Debt instruments	32%	27%
Cash and other	8%	10%

Expenses recognized on the income statement broke down as follows:

	2011	2010
Expenses recognized on the income statement with respect to defined-benefit plans		
Service costs during the year	16.7	13.4
Interest cost	15.2	14.3
Expected return on plan assets	-9.2	-7.6
Past service costs	0.2	0.5
Impact of plan curtailments or settlements	1.5	0.8
Total	24.5	21.5
Expenses recognized on the income statement with respect to defined-contribution plans	60.9	51.9

Since January 1, 2006, Wendel has chosen to apply the option allowed under IAS 19.93A to recognize actuarial differences directly in shareholders' equity (see "Accounting principles").

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 medals.

The principal actuarial assumptions used in France to calculate these commitments are as follows: average discount rate = 4.8%; average salary increase rate = 2.5% (Germany: 2.5%, France: 3.3%, Italy: 2.0%, Netherlands: 1.7%, United Kingdom: 2.,8%).

2. Commitment characteristics and actuarial assumptions applied at Materis

Retirement bonuses: 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 4.50% (Europe) and 10.8% (Brazil), inflation rate between 2% (Europe) and 5.6% (South Africa), salary increase rate between 2.3% (Europe) and 7.1% (Brazil), and return on assets between 4.5% (Europe) and 11.2% (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 medals.

Its main actuarial assumptions were as follows: discount rate of 4.5% 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: 3.5%; inflation rate: 1.5%; salary increase rate: between 1.5% and 3% depending on category; employee turnover rate: 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 (b)	Maturity	Repayment	Overall line	12/31/2011	12/31/2010
Wendel								
2011 bonds	EUR	5.000%	5.160%	02-2011	at maturity			334.8
2014 bonds	EUR	4.875%	4.930%	11-2014	at maturity		393.5	400.0
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		392.6	400.0
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	300.0
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	-
Syndicated loan	EUR	Euribor+margin		09-2013	revolving credit	€950M	} 500.0	-
	EUR	Euribor+margin		09-2014	revolving credit	€250M		
Amortized cost of bonds							-75.2	-89.3
Accrued interest							56.8	40.0
							3,259.7	2,785.5
Eufor - (Saint-Gobain investment financing)								
Bank borrowings	EUR	Euribor+margin		07-2013, 03-2014, 12-2014	amortizing revolving credit	€800M	500.0	800.0
Bank borrowings	EUR	Euribor+margin		11-2013, 05-2014, 11-2014	amortizing revolving credit	€300M	60.0	
Bank borrowings (a)	EUR	Euribor+margin		2016, 01-2017	amortizing	€875M	425.0	455.0
Bank borrowings (a)	EUR	Euribor+margin		06-2015	at maturity		400.0	800.0
Bank borrowings (a)	EUR	Euribor+margin		04-2013/2014/2015	amortizing			630.6
Bank borrowings	EUR	Euribor		12-2011, 03-2012	amortizing			729.1
Accrued interest							14.5	25.4
							1,399.5	3,440.1
Holding companies								
Loans from non-controlling shareholders							13.5	10.7
							13.5	10.7
Bureau Veritas								
Bank borrowings	USD	Libor+margin		05-2013	amortizing		95.1	153.4
Bank borrowings	EUR	Euribor+margin		05-2013	amortizing		5.0	8.4
Bank borrowings	EUR	Euribor+margin		05-2012, 05-2013	revolving credit		84.0	150.0
Bank borrowings	GBP	Libor+margin		05-2012, 05-2013	revolving credit	€550M	} 20.4	} 52.3
Bank borrowings	USD	Libor+margin		05-2012, 05-2013	revolving credit			
Bank borrowings	EUR	Euribor+margin		10-2012	at maturity		150.0	150.0
French private placement	EUR	Euribor+margin		06-2015	at maturity	€200M	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		205.6	199.1
US private placement	GBP	Fixed		07-2018, 07-2020	amortizing		75.4	73.2
US private placement	USD	Fixed		10-2021	at maturity	\$200M	77.3	
German private placement	EUR	Euribor+margin		06-2015, 12-2016	amortizing		54.0	
Deferred issuance costs							-2.8	-3.8
Other liabilities							37.4	55.2
							1,265.6	1,294.6

Deutsch (reclassified under liabilities of operations held for sale as of 12/31/2011) - **510.8**

Materis

Bank borrowings (mezzanine PIK)	EUR	Euribor+margin	04-2016	at maturity		380.2	341.8
Bank borrowings (second lien)	EUR	Euribor+margin	10-2015	at maturity		140.0	140.0
Bank borrowings (senior)	EUR	Euribor+margin	04-2013	at maturity		168.1	169.2
Bank borrowings (senior)	EUR	Euribor+margin	04-2014	at maturity		381.6	387.7
Bank borrowings (senior)	EUR	Euribor+margin	04-2015	at maturity		414.4	421.1
Bank borrowings	EUR	Euribor+margin	04-2013	at maturity	€145M	96.8	108.4
Bank borrowings (revolving credit)	EUR	Euribor+margin	04-2013	revolving credit	€125M	78.5	49.0
Bank borrowings (acquisition)	EUR	Euribor+margin	04-2013	at maturity	€150M	125.0	127.7
Bank borrowings (acquisition 2)	EUR	Euribor+margin	04-2014, 04-2015	amortizing	€100M	48.6	25.3
Deferred issuance costs						-24.6	-33.6
Shareholder loans						50.2	44.2
Other borrowings and accrued interest						89.5	99.7
						1,948.4	1,880.6

Stahl

Bank borrowings (second lien PIK)	USD	Fixed	12-2017	at maturity		53.8	48.1
Bank borrowings (senior)	USD	Libor+margin	12-2014	amortizing		102.0	103.1
Bank borrowings (senior)	EUR	Euribor+margin	12-2014	amortizing		42.4	44.3
Bank borrowings (revolving credit)	USD	Libor+margin	11-2014	revolving credit	\$36M	4.6	4.5
Deferred issuance costs							-1.8
Shareholder loans						4.3	4.0
Other borrowings and accrued interest						2.3	2.0
						209.4	204.1

Parcours

Bank borrowings	EUR					352.7	
Other borrowings and accrued interest						19.1	
						371.8	

Mecatherm

Bank borrowings (senior)	EUR					66.0	
Deferred issuance costs						-3.1	
Other borrowings and accrued interest						2.2	
						65.1	
						8,533.0	10,126.5
Of which current						595.6	890.8
Of which non-current						7,937.3	9,235.7

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

Note 16 - 1. Principal changes during 2011

Note 16 - 1.1 Wendel

The 2011 bond, with a par value of €334.8 million at December 31, 2010, was repaid at maturity on February 16, 2011.

In late April 2011, Wendel successfully issued bonds with a par value of €300 million, bearing interest at 6.75% and maturing on April 20, 2018. The issue price was 99.324%, and net proceeds were €298 million. The yield (total financial cost) on this issue is 6.875%. Proceeds from the bond issue were used for early repayment of Eufor's bank debt with a much shorter maturity (financing of investment in Saint-Gobain, see below). This increased the average maturity of Wendel's and its holding companies' financing and simplified the financial structure by shifting towards bond debt without financial covenants or security, and away from bank borrowings.

Moreover, €500 million of the €1,200 million syndicated credit (€950 million maturing in September 2013 and €250 million maturing in September 2014) was drawn down in June 2011. The drawdown was used to partly finance the early repayment of €630.6 million of Eufor's bank debt (see below). This transaction reduced the amount of debt subject to margin calls. It also reduced the financial liabilities of Wendel and its holding companies insofar as the margin on the syndicated credit is significantly lower than it is on the €630.6 million loan.

Finally, as part of Wendel's active management of its cash balances and financial structure and in light of the particularly high secondary market yields on its bonds, Wendel repurchased and canceled part of its outstanding bonds at the end of 2011 as follows:

- - €6.46 million (par value) of the 2014 bonds for €6.44 million, thereby reducing the par value of these bonds still outstanding to €693.54 million as of end-2011. These repurchases represented an average yield of 5%;
- - €7.4 million (par value) of the 2016 bonds for €6.7 million, thereby reducing the par value of these bonds still outstanding to €692.6 million as of end-2011. These repurchases represented an average yield of 7.4%;
- - €8 million (par value) of the 2017 bonds for €6.75 million, thereby reducing the par value of these bonds still outstanding to €692 million as of end-2011. These repurchases represented an average yield of 7.9%.

The difference between the par value and the repurchase price was recognized under financial income, representing €2 million in 2011. As of March 13, 2012, the date the financial statements were finalized, a par value of €59.5 million of these three series had been repurchased, thereby reducing them as follows:

- €663.8 million for the 2014 bonds; the amounts repurchased represented an average yield of 4.6%;
- €684.7 million for the 2016 bonds; the amounts repurchased represented an average yield of 6.9%; and
- €692 million for the 2017 bonds; the amounts repurchased represented an average yield of 7.9%.

Overall, the par value repaid in 2011 and 2012 exceeded the price paid by €2.2 million.

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

The Eufor group's bank debt was very significantly reduced in 2011, from €3,415 million to €1,385 million (par values), as follows:

- Bank borrowings not subject to margin calls were collateralized by the Saint-Gobain shares they financed and by puts purchased on Saint-Gobain. As all the puts were sold in the 1st half of 2011 (see Note 13 - 4 on certain derivatives), Wendel repaid the entire outstanding balance of €729.1 million of debt not subject to margin calls prior to maturity (December 2011 to March 2012 maturities). This repayment was made possible in part by the proceeds on the sales of these puts (€168.8 million), with Wendel covering the rest in cash;
- Wendel made an early repayment of half of the €800 million bank loan subject to margin calls and maturing in 2015. As of December 31, 2011, this debt therefore totaled €400 million. This repayment did not have an impact on available cash as it was made with cash pledged as collateral. This transaction reduced the cost of net debt by reducing the cost of carry.
- The €630.6 million of bank debt subject to margin calls and maturing in 2013-2014-2015 was repaid prior to maturity in June 2011. This repayment was financed in large part by drawdowns on the syndicated credit line, the cost of which is significantly lower (see above);
- Wendel made an early repayment of €30 million of the €455 million credit maturing in 2014-2015, bringing this debt down to €425 million as of December 31, 2011. Furthermore, in July 2011, an amendment to the agreement for this facility, which also covers the undrawn €600 million line, was signed. The amendment extends the maturity dates of both the drawn and undrawn lines by 19 months, to January 2016 for half and January 2017 for the other half. It also brought about a reduction in the cost of the lines and more flexibility in the security arrangements. The outstanding undrawn credit line was reduced from €600 million to €450 million in return for eliminating the obligation to put up €150 million in cash collateral as an initial guarantee;
- The available line of credit maturing in 2013-2014 (€300 million undrawn as of December 31, 2010) was drawn down by €60 million in August 2011 to finance the purchase of Saint-Gobain shares. See Note 2, "Changes in scope of consolidation";
- Lastly, in the 2nd half of 2011, Wendel made an early repayment of €300 million of the €800 million bank loan maturing in 2013-2014, the Eufor group's shortest maturities. As of December 31, 2011, the amount drawn down under this facility was thus €500 million, maturing in 2014. The repaid borrowings can nevertheless be redrawn at any time. This repayment reduced the cost of Wendel's financial structure, while maintaining its flexibility.

Note 16 - 1.3 Bureau Veritas

In October 2011 Bureau Veritas implemented a \$200 million multi-currency credit line with a US financial institution (US private placement) and confirmed use of a \$100 million portion of the line. The facility matures in October 2021. In addition, in December 2011, Bureau Veritas implemented a €54 million German private placement ("Schuldschein"), with repayment at maturity. The facility matures in two parts: €5 million in June 2015 and €49 million in December 2016.

Note 16 - 1.4 Changes in scope of consolidation in 2011

The bank debt of Parcours and Mecatherm have been consolidated since Wendel took control of these subsidiaries. See Note 2 "Changes in scope of consolidation in fiscal year 2011" and Note 5 - 2.5 "Managing liquidity risk" concerning Parcours and Mecatherm.

Note 16 - 1.5 Reclassification of Deutsch's assets and liabilities under operations held for sale

At the end of 2011, Deutsch was reclassified under operations held for sale. As such its bank debt was reclassified under "Liabilities of operations held for sale" and no longer appears under the "Financial debt" line item (see Note 2 "Changes in scope of consolidation in fiscal year 2011"). As of December 31, 2011 Deutsch was in compliance with the covenants applying to its credit facilities.

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)	0	-2,286	-992	-3,278
Eufor par value	0	-1,173	-213	-1,385
Wendel and Eufor interest (2)	-289	-577	-46	-912
Subsidiaries and associates - par value	-548	-2,628	-625	-3,801
- interest	-147	-490	-78	-716
(2)				
TOTAL	-985	-7,154	-1,953	-10,092

(1) The schedule showing the par values of Wendel's debt does not take into account its short position in puts. The amount to be paid out on these puts depends on the Saint-Gobain share price at maturity. As of December 31, 2011, the market value of these puts represented a liability of €194.3 million. Of this amount, €152.3 million had a maturity of less than one year, with the balance maturing in 2013.

(2) Interest is calculated on the basis of the yield curve prevailing on December 31, 2011. 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, 2011. 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	12/31/2011	12/31/2010
Wendel	3,114.3	2,746.8
Eufor (Saint-Gobain investment financing)	1,400.6	3,440.1
Operating subsidiaries	3,586.4	3,656.4
Total	8,101.3	9,843.3

NOTE 17. TRADE PAYABLES

in millions of euros	12/31/2011	12/31/2010
Bureau Veritas	228.4	225.0
Deutsch	-	28.2
Materis	254.9	252.7
Stahl	29.5	29.5
Oranje-Nassau Développement	83.6	-
Wendel and holding companies	3.4	5.5
Total	599.8	540.9

NOTE 18. OTHER CURRENT LIABILITIES

in millions of euros	12/31/2011	12/31/2010
Other current liabilities		
Bureau Veritas	423.6	423.7
Deutsch	-	26.7
Materis	172.8	160.7
Stahl	21.3	25.5
Oranje-Nassau Développement	21.6	-
Wendel and holding companies	11.5	15.4
	650.8	652.0
Deferred revenue	87.5	91.3
Total	738.3	743.3

NOTE 19. CURRENT AND DEFERRED TAXES

Details of current taxes are as follows:

in millions of euros	12/31/2011	12/31/2010
Current tax assets		
Bureau Veritas	36.3	21.3
Deutsch	-	0.6
Stahl	3.3	2.7
Oranje-Nassau Développement	1.5	-
Wendel and holding companies	5.8	5.5
	46.9	30.0
Current tax liabilities		
Bureau Veritas	84.8	81.4
Deutsch	-	3.8
Materis	4.4	1.6
Stahl	0.5	0.8
Oranje-Nassau Développement	0.9	-
Wendel and holding companies	0.2	-
	90.8	87.5

Details of deferred taxes are as follows:

in millions of euros	12/31/2011	12/31/2010
Deferred tax assets		
Bureau Veritas	91.9	74.2
Deutsch	-	2.0
Materis	48.5	45.5
Stahl	4.9	7.6
Oranje-Nassau Développement	9.7	-
Wendel and holding companies	0.5	0.4
	155.5	129.8
Deferred tax liabilities		
Bureau Veritas	147.7	145.7
Deutsch	-	7.9
Materis	394.3	405.0
Stahl	19.7	22.2
Oranje-Nassau Développement	34.8	-
Wendel and holding companies	-	-
	596.4	580.9
Net deferred tax liabilities	-440.9	-451.1

The change in deferred taxes is as follows:

in millions of euros	2011	2010
Amount at beginning of year	-451.1	-437.1
Changes through profit or loss	45.8	52.8
Changes through shareholders' equity	-4.3	-3.2
Translation adjustments	0.5	-1.8
Business combinations	-33.5	-61.8
Other	1.6	-
Amount at end of year	-440.9	-451.1

NOTE 20. ASSETS AND LIABILITIES OF OPERATIONS HELD FOR SALE

Note 20 - 1. Assets and liabilities of operations held for sale

As of December 31, 2011, assets held for sale were composed primarily of assets of the Deutsch group (see Note 2 "Changes in scope of consolidation").

As of December 2011, the assets of the Deutsch group totaled €899.6 million and liabilities excluding intragroup loans and debts totaled €643.8 million.

in millions of euros	Assets
Goodwill and other intangible assets, net	493.6
Property, plant & equipment, net	77.9
Inventories	109.2
Trade receivables	83.8
Cash	115.2
Other	19.8
Total	899.6
Liabilities and shareholders' equity	
Shareholders' equity - Wendel Group share	-122.6
Shareholders' equity - non-controlling interests	-3.7
Shareholder loans - Wendel Group	382.1
Shareholders loans - non-controlling interests	36.3
Financial debt (1)	484.1
Trade payables	36.4
Deferred tax liabilities	17.3
Other	69.7
	899.6

- (1) In light of the change of control clause in Deutsch's loan agreements, this financial debt was reclassified under current liabilities in Deutsch's financial statements.

As of December 31, 2010, assets held for sale consisted principally of Saint-Gobain shares received as the 2010 dividend, which Wendel decided to sell in 2011 (see Note 2 "Changes in scope of consolidation" with respect to Saint-Gobain).

Note 20 - 2. Net income from discontinued operations and operations held for sale

in millions of euros	2011	2010
Gain on divestments		
Stallergenes	-	300.2
Oranje-Nassau Groep - oil & gas business	0.4	-
	0.4	300.2
Share in net income for the year from discontinued operations		
Deutsch - share in net income of the year	-11.5	-16.1
Wendel and holding companies - interest income on loans to the Deutsch group	40.6	32.7
Stallergenes	-	26.6
	29.1	43.2
Total	29.4	343.4

Deutsch income statement:

in millions of euros	2011	2010
Net sales (1)	485.9	422.6
Adjusted operating income (2)	104.8	85.0
Other operating income and expenses	-3.6	-3.0
Operating income	101.2	82.0
Net financial expense	-29.7	-26.0
Tax expense	-17.0	-7.6
Recurring net income	54.5	48.4
Non-recurring income (loss)	-50.8	-39.1
Impact of goodwill allocation	-14.5	-18.7
Asset impairment	-0.8	-6.8
Net income (loss)	-11.5	-16.1
of which: Net income - Group share	-10.3	-17.3

(1) Net sales grew by 15.0%; organic growth totaled 18.7%

(2) Operating income before the impact of goodwill allocation, non-recurring items and management fees.

NOTES TO THE INCOME STATEMENT

NOTE 21. NET SALES

In accordance with IFRS 5, the net sales of Stallergenes, sold in the 2nd half of 2010 and Deutsch, subsidiary held for sales as of December 31, 2011, have been reclassified in operations held for sale.

in millions of euros	2011	2010	% Change	Organic growth
Bureau Veritas	3,358.6	2,929.7	14.6%	6.2%
Materis	2,027.0	1,854.7	9.3%	7.9%
Stahl	334.5	284.0	NS	NS
Oranje-Nassau Développement (1)				
- Parcours	208.1	-	NS	NS
- Mecatherm	25.0	-	NS	NS
Consolidated net sales	5,953.1	5,068.3	17.5%	6.5%
Stahl (12-month contribution)	334.5	330.1	1.3%	1.7%
Oranje-Nassau Développement (12-month contribution) (1)				
- Parcours (estimated) (2)	271.4	242.6	11.9%	11.9%
- Mecatherm (estimated) (2)	85.6	88.9	-3.7%	-3.7%
Total including Stahl and Oranje-Nassau Développement in 2010 and 2011	6,077.1	5,446.0	11.6%	6.6%

(1) Oranje-Nassau Développement includes:

- the activities of the Parcours group for the nine-months since the Wendel Group took control. In accordance with IFRS, Parcours' revenues include €57.0 million in sales of second-hand vehicles for the nine-month period from the date the Wendel Group took control. These sales totaled €73.7 million and €63.0 million over all of 2011 and 2010, respectively.
- the activities of the Mecatherm group for the three-month period from the date the Wendel Group took control.

(2) Unaudited.

Consolidated net sales broke down as follows:

in millions of euros	2011	2010
Sales of goods	2,437.9	2,133.3
Sales of services	3,515.2	2,935.0
Consolidated net sales	5,953.1	5,068.3

NOTE 22. OPERATING EXPENSES

in millions of euros	2011	2010
Purchases and external charges	2,662.3	2,235.9
Personnel costs	2,221.9	1,945.2
Taxes other than income taxes	94.4	83.0
Other operating expenses	11.6	19.0
Depreciation & amortization	322.1	228.9
Net additions to provisions	-10.7	-5.8
Total	5,301.7	4,506.1

Note 22 - 1. R&D costs recognized as expenses

in millions of euros	2011	2010
Materis	22.4	20.9
Stahl	4.2	3.0
Oranje-Nassau Développement	0.3	-

Note 22 - 2. Average number of employees at consolidated companies

	2011	2010
Bureau Veritas	52,148	47,969
Deutsch	3,542	2,928
Materis	9,821	9,488
Stahl	1,215	1,159
Oranje-Nassau Développement	564	-
Wendel and holding companies	73	72

NOTE 23. INCOME FROM ORDINARY ACTIVITIES

in millions of euros	2011	2010
Bureau Veritas	486.5	420.5
Materis	163.7	165.4
Stahl	26.6	20.3
Oranje-Nassau Développement	21.8	-
Wendel and holding companies	-42.6	-43.4
Income from ordinary activities	656.1	562.8

NOTE 24. OTHER OPERATING INCOME AND EXPENSES

in millions of euros	2011	2010
Net gains (losses) on divestment of consolidated investments	-0.4	-8.9
Restructuring costs	-10.2	-11.4
Impairment of assets (1)	-86.4	-1.7
Other income and expenses	-5.0	-1.3
Total	-101.9	-23.3

(1) In 2011: Essentially asset impairment of €70.3 million at Materis and €16.1 million at Bureau Veritas.

NOTE 25. FINANCE COSTS, NET

in millions of euros	2011	2010
Income from cash and cash equivalents	13.1	11.2
Finance costs, gross		
Interest expense	-451.1	-494.1
Interest expense on shareholder loans from non-controlling interests	-7.6	-6.7
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)	-28.0	-19.5
	-486.6	-520.2
Total	-473.5	-509.0

NOTE 26. OTHER FINANCIAL INCOME AND EXPENSE

in millions of euros	2011	2010
Gains (losses) on disposals of assets available for sale	-0.3	2.0
Dividends received from unconsolidated companies	1.7	6.6
Income on interest rate, currency and equity derivatives (1)	-119.4	67.1
Interest on other financial assets	6.7	6.1
Net currency exchange gains (losses)	-15.8	7.9
Impact of discounting	-7.1	-7.8
Gain on buyback of discounted debt	2.1	11.0
Other (2)	-23.4	-8.1
Total	-155.4	84.7

(1) In 2011, this line item included a €108.7 million loss on the sale and the change in fair value of the put options on Saint-Gobain shares, vs. a gain of €46.7 million in 2010 (see Note 13 "Financial assets and liabilities").

(2) In 2011, the amount included a €23 million gain on the sale of Saint-Gobain shares received as a dividend in 2010 (see "Changes in scope of consolidation").

NOTE 27. TAX EXPENSE

in millions of euros	2011	2010
Current income tax	-184.0	-172.8
Deferred taxes	45.8	48.3
Total	-138.2	-124.5

The portion of CVAE (value added) tax was 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	-407.3	332.4	-74.8
Theoretical amount of tax expense calculated on the basis of a rate of 34.43%	140.2	-114.5	25.8
Impact of:			
Uncapitalized tax losses of Wendel / holding companies and transactions subject to reduced tax rates at the holding company level	-139.9		
Uncapitalized tax losses at the operating subsidiary level		-16.8	
Reduced tax rates and foreign tax rates at the operating subsidiary level		36.3	
		-16.6	
CVAE tax paid by operating subsidiaries		-7.1	
Exceptional contribution paid by operating subsidiaries		-29.7	
Impairment of goodwill		9.9	
Other			
Actual tax expense	0.3	-138.5	-138.2

NOTE 28. NET INCOME (LOSS) FROM EQUITY-METHOD INVESTMENTS

in millions of euros	2011	2010
Net income including impact of goodwill allocation		
Saint-Gobain	138.0	116.0
Legrand	55.4	99.2
Helikos (1)	-1.7	-5.6
exceet (2)	0.1	-
Other companies	0.8	0.4
Sale of Legrand shares	631.3	225.9
Impact of Legrand dilution	-0.1	-0.2
Impairment of equity-accounted Saint-Gobain shares (4)	-	373.4
Impact of dilution on the Saint-Gobain investment	-8.8	0.8
Increase in Helikos SPAC shareholding (3)	16.1	-
Total	831.1	809.8

In 2011, this line item included:

- (1) a €1.7 million loss of the Helikos SPAC up to the date of the acquisition of exceet;
- (2) the net income of exceet for a two-month period from the acquisition date until September 30, 2011;
- (3) a €16.1 million gain realized at the time of the acquisition of exceet by the Helikos SPAC (see Note 2 "Changes in scope of consolidation").

In 2010, this line item included:

- (4) the reversal of the impairment provision and the effect of reclassifying the shares received as dividends from Saint-Gobain under assets held for sale.

NOTE 29. EARNINGS PER SHARE

in euros and millions of euros	2011	2010
Net income - Group share	525.4	1,002.3
Impact of dilutive instruments on subsidiaries	-5.9	-6.4
Diluted net income	519.5	995.9
Average number of shares, net of treasury shares	48,751,612	49,707,545
Potential dilution due to Wendel stock options (1)	780,627	565,666
Diluted number of shares	49,532,239	50,273,211
Basic earnings per share (in euros)	10.78	20.16
Diluted earnings per share (in euros)	10.49	19.81
Basic earnings per share from continuing operations (in euros)	10.15	13.57
Diluted earnings per share from continuing operations (in euros)	9.87	13.29
Basic earnings per share from discontinued operations (in euros)	0.63	6.59
Diluted earnings per share from discontinued operations (in euros)	0.62	6.52

(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.

NOTES ON CHANGES IN CASH POSITION

NOTE 30. ACQUISITIONS OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

in millions of euros	2011	2010
By Bureau Veritas	116.4	77.3
By Deutsch	-	13.0
By Materis	84.1	86.7
By Stahl	8.6	4.3
By Oranje-Nassau Développement (1)	180.4	-
By Wendel and holding companies	0.3	1.1
Total	389.8	182.4

(1) includes €179.0 million of vehicles purchased and leased out by Parcours

NOTE 31. DISPOSALS OF INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT

Disposals of intangible assets and property, plant & equipment include principally €57.0 million in the sales of Parcours' second-hand vehicles.

NOTE 32. ACQUISITION OF EQUITY INVESTMENTS

in millions of euros	2011	2010
By Oranje-Nassau Développement:		
- Parcours (1)	108.4	-
- Mecatherm (1)	111.6	-
- exceet / Helikos (2)	27.8	22.3
By Bureau Veritas (3)	84.0	583.0
By Materis	26.3	25.3
By Deutsch (4)	-	30.2
Saint-Gobain shares (5)	63.1	-
Other securities	0.7	0.9
Total	421.9	661.7

(1) Acquisition of Parcours and Mecatherm by Oranje-Nassau Développement (see Note 2 "Changes in scope of consolidation").

(2) In 2011, additional investment at the time of the acquisition of exceet by the Helikos SPAC (see Note 2 "Changes in scope of consolidation").

(3) In 2010, principally Inspectorate

(4) In 2010, Deutsch bought out the non-controlling interests of LADD, its subsidiary.

(5) See Note 2 "Changes in scope of consolidation" with respect to Saint-Gobain.

NOTE 33. DIVESTMENTS

in millions of euros	2011	2010
Sale of Legrand shares (1)	956.9	344.9
Sale of Saint-Gobain shares (1)	144.0	-
Divestment of Stallergenes	-	357.7
Divestments by Bureau Veritas	0.5	6.8
Other	0.4	0.2
Total	1,101.8	709.7

(1) See Note 2 "Changes in scope of consolidation" with respect to shares in Legrand and Saint-Gobain.

NOTE 34. IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION AND OF OPERATIONS HELD FOR SALE

The amount in 2011 corresponded to €12.8 million and €5.3 million related to Parcours' and Mecatherm's entry into the scope of consolidation, respectively, and 57.0 million related to the Deutsch pursuant to the decision to sell this company.

The amount in 2010 corresponded to the full consolidation of Stahl.

NOTE 35. CHANGES IN OTHER FINANCIAL ASSETS AND LIABILITIES AND OTHER

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).

In 2010, this line item included:

- +€60 million in cash that Wendel invested in Stahl as part of its financial restructuring (see Note 2 "Changes in consolidation scope");

- -€390 million in short-term financial investments realized by Wendel;
- -€305 million in proceeds from the sale of puts on Saint-Gobain.

NOTE 36. DIVIDENDS RECEIVED FROM EQUITY-METHOD INVESTMENTS AND UNCONSOLIDATED COMPANIES

The following amounts were received as dividends in 2011: €103.3 million from Saint-Gobain (in 2010 the Saint-Gobain dividend was received in the form of shares and thus had no impact on the Group's cash position), €25.8 million from Legrand on the 29.3 million shares held before divestments carried out in the 2nd half (€45.9 million in 2010 on the 65.6 million shares then held) and €1.7 million from funds held by Oranje Nassau Groep.

The €64.7 million dividend received from Bureau Veritas was eliminated upon consolidation (€47.3 million in 2010).

NOTE 37. NET CHANGE IN BORROWINGS AND OTHER FINANCIAL LIABILITIES

Details of financial debt are shown in Note 16 "Financial debt".

in millions of euros	2011	2010
New borrowings by:		
Wendel - bond issue (net of issuance costs)	298.0	282.5
Wendel - syndicated credit facility	500.0	-
Eufor group (Saint-Gobain investment structure)	60.0	-
Bureau Veritas	503.2	744.6
Deutsch	-	7.9
Materis	224.6	200.0
Stahl	-	4.3
Oranje-Nassau Développement (1)	203.4	-
	1,789.2	1,239.4
Borrowings repaid by:		
Wendel - 2011 bonds	334.8	134.4
Wendel - repurchase of 2014-2016 and 2017 bonds	19.9	-
Eufor group (Saint-Gobain investment structure)	2,089.7	1,119.2
Other Wendel holding companies	-	3.2
Bureau Veritas	562.2	304.5
Deutsch	-	58.7
Materis	210.5	198.0
Stahl	11.4	8.4
Oranje-Nassau Développement (1)	189.0	-
	3,417.5	1,826.5
Total	-1,628.4	-587.1

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

NOTE 38. 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, Deutsch and Stahl, as well as Parcours and Mecatherm from when they were acquired by Oranje-Nassau Développement in April and October 2011, respectively) and Wendel's share in the net income of investments accounted for under the equity method (Saint-Gobain, Legrand and except) before non-recurring items and the impact of goodwill allocations;
- Net income from holding companies includes the operating expense 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 38 - 1. Income statement by operating segment for fiscal year 2011

	Bureau Veritas	Materis	Deutsch	Stahl	Oranje-Nassau Développement	Equity-method investments		Holding companies	Total
						Saint-Gobain	Legrand		
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)			(2) (94.5)	(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)	(3) 645.7	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 fiscal year 2011 income statement by business sector broke down as follows:

	Parcours	Mecatherm	exceet	Oranje Nassau
Net income from business sectors				
Net sales	208.1	25.0		233.1
EBITDA	N/A	5.7		
Adjusted operating income	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	(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 minority interests	0.3	0.0		0.4
Consolidated net income - Group share	4.4	1.4	0.1	5.9

Note 38 - 2. Income statement by operating segment for fiscal year 2010

	Bureau Veritas	Materis	Deutsch	Stallergenes	Stahl	Equity-method investments			Holding companies	Total
						Saint-Gobain	Legrand	Stahl		
Net income from business sectors										
Net sales	2,929.7	1,854.7			284.0					5,068.3
EBITDA		250.5			47.1					
Adjusted operating income (1)	490.5	191.0			39.7					
Other recurring operating items					0.1					
Operating income	490.5	191.0			37.8			(41.5)		677.7
Finance costs, net	(34.8)	(139.9)			(15.3)			(314.6)		(504.7)
Other financial income and expense	(10.8)	(1.2)						16.2		4.2
Tax expense	(122.4)	(30.4)			(7.2)			(0.6)		(160.6)
Share in net income of equity-method investments	(0.1)	0.2			0.4	235.3	114.7	0.0		350.5
Net income from discontinued activities and activities held for sale			48.4	26.6				1.2		76.2
Recurring net income from business sectors	322.3	19.6	48.4	26.6	15.6	235.3	114.7		(339.3)	443.3
Recurring net income from business sectors - non-controlling interests	158.7	5.7	7.7	14.4	1.3			0.2		188.0
Recurring net income from business sectors - Group share	163.6	13.9	40.8	12.2	14.3	235.3	114.7		(339.5)	255.3
Non-recurring income										
Operating income	(81.4)	(36.5)			(23.1)			2.9		(138.1)
Net financial income (expense)		(16.1)			(1.1)			93.3		76.1
Tax expense	25.6	5.4			5.0					36.0
Share in net income of equity-method investments						289.4	(15.8)	185.7		459.3
Net income from discontinued activities and activities held for sale			(64.5)					331.7		267.2
Non-recurring net income	(55.8)	(47.2)	(64.5)		(19.1)	289.4	(15.8)		613.7	700.6
of which:										
- Non-recurring items	(6.0)	(30.4)	(39.1)		(6.5)	5.9	(11.6)	(2) 648.2		560.6
- Impact of goodwill allocation	(48.1)	(16.8)	(18.7)		(12.6)	(83.0)	(4.2)			(183.3)
- Asset impairment	(1.7)		(6.8)			366.4		(3) (34.5)		323.4
Non-recurring net income - non-recurring interests	(26.8)	(11.6)	(6.5)		(1.6)			0.1		(46.4)
Non-recurring net income - Group share	(28.9)	(35.7)	(58.0)		(17.5)	289.4	(15.8)		613.6	747.0
Consolidated net income	266.6	(27.6)	(16.1)	26.6	(3.5)	524.7	99.0		274.4	1,143.9
Consolidated net income - non-recurring interests	131.9	(5.9)	1.2	14.4	(0.3)			0.3		141.6
Consolidated net income - Group share	134.7	(21.7)	(17.3)	12.2	(3.2)	524.7	99.0		274.1	1,002.3

- (1) Before the impact of goodwill allocation, non-recurring items and management fees.
- (2) This amount includes a €300.2 million gain on the sale of Stallergenes, a €225.9 million gain on the sale of Legrand shares, and a €46.7 million gain on the sale of and changes in fair value on Saint-Gobain puts.
- (3) This amount includes the reversal of the impairment provision and the impact of recognizing Saint-Gobain share dividends under assets held for sale (see Note 2 "Changes in scope of consolidation" with respect to Saint-Gobain), as well as the -€41.4 million asset impairment charge recognized by Saint-Gobain.

Note 38 - 3. 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	(1) -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

(1) Reclassification of Deutsch under operations held for sale. The reclassification of -€57.0 million corresponded to the cash balance at the start of the year.

Note 38 - 4. Cash flow statement by business segment for 2010

in millions of euros	Bureau Veritas	Deutsch	Materis	Stallergermes	Stahl	Wendel and holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	534.2	61.7	218.3		28.3	-39.9		802.6
Net cash flows from investing activities, excluding tax	-648.8	-42.8	-102.9	-22.4	-49.3	699.2	-47.3	-214.3
Net cash flows from financing activities, excluding tax	314.1	-13.4	-84.4	-	46.3	-1,479.7	47.3	-1,169.8
Net cash flows related to taxes	-136.9	-4.0	-24.4	-	-5.4	2.7	-	-168.1

NOTE 39. OFF-BALANCE-SHEET COMMITMENTS

As of December 31, 2011, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned below.

Note 39 - 1. Collateral and other security given in connection with financing

	12/31/2011	12/31/2010
(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	1,922.8	1,869.9
(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	432.9
(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	205.1	202.0
(iv) Security given by Parcours (Oranje-Nassau Développement) under its bank borrowing arrangements, including the financed vehicles and the lease payments received.	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.	66.0	-
(vi) Pledge of listed shares in connection with the Saint-Gobain investment financing structure (market value) (1)	2,159.1	3,729.0
(vii) Collateral given in connection with financing not subject to margin calls and relative to puts	-	227.2
(viii) Pledge of cash in connection with the Saint-Gobain investment financing structure (1)	146.6	609.2
(ix) Other		2.6
Total	5,320.8	7,072.7

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

Note 39 - 2. Guarantees given as part of asset sales

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 €300.8 million as of December 31, 2011. 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, 2011. Claims under these guarantees could be submitted until January 2012. As of March 13, 2012, 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 39 - 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 €10 million as of December 31, 2011.

Note 39 - 4. Off-balance-sheet commitments given and received related to operating activities

	12/31/2011	12/31/2010
Market counter-guarantees and other commitments given		
by Bureau Veritas (1)	198.4	119.5
By Materis	43.2	48.7
By Deutsch	3.0	3.1
By Oranje-Nassau Développement (Mecatherm)	9.9	-
Total commitments given	254.6	171.3
Other commitments received (2)	351.0	7.0
Total commitments received	351.0	7.0

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

- bank guarantees include in particular market guarantees such as bid bonds and performance bonds;
- parent company guarantees include market guarantees, guarantees in favor of financial institutions to cover guarantees issued by these institutions, rent guarantees.

As of December 31, 2011, Bureau Veritas believed that the risk of loss deriving from this type of guarantee was low. Bureau Veritas had not recognized any provisions connected with these guarantees.

(2) As of December 31, 2011, principally at Parcours.

As of December 31, 2011, commitments received were composed principally of lease payments to be received by Parcours (Oranje-Nassau Développement) on its portfolio of lease contracts in force (€166.9 million with a term of less than one year and €177.1 million with a term of 1-5 years).

Note 39 - 5. Shareholder agreements and co-investment mechanisms

As of December 31, 2011, the Wendel Group was party to numerous agreements governing its relations with its co-shareholders in Materis, Deutsch, 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 divestment (tag-along and drag-along rights) or IPO;
- executive departures (commitment to sell to 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 Wendel managers in Materis, Deutsch, Stahl, VGG, Parcours and Mecatherm (via Winvest International and Oranje-Nassau Développement) and those held by subsidiary managers in Materis, Deutsch, Stahl, Parcours and Mecatherm. 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.

As of December 31, 2011, 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 €185 million (€86 million was recognized under liabilities as minority puts), and the value of the portion of managers' investment having dilutive effects on Wendel's ownership interest was €116 million.

The amounts include values related to Deutsch. In light of the divestment process underway on this company (see Note 2 "Changes in scope of consolidation"), the co-investments of the Deutsch and

Wendel managers are expected to be liquidated as part of the sale. The liquidity commitments given by Wendel are therefore unlikely to be called. The dilutive instruments of the Deutsch co-investment will reduce the capital gain Wendel realizes when it sells this investment, in accordance with the accounting principles the Group applies to the co-investment mechanisms (see Note 1 "Accounting principles").

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 (see Note 4 "Participation of managers in Group investments").

Other shareholder agreements and co-investment mechanisms

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 39 - 6. Leasing

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

Note 39 - 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	12/31/2011	12/31/2010
Due in more than 5 years	9.2	9.6
Due in 1 to 5 years	3.4	3.9
Due in less than 1 year and accrued interest	1.0	1.1
Total	13.6	14.6

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

Note 39 - 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	12/31/2011	12/31/2010
Due in more than 5 years	79.4	74.5
Due in 1 to 5 years	238.5	212.0
Due in less than 1 year and accrued interest	114.1	101.4
Total	432.1	388.0

Future rents relate mainly to Bureau Veritas (€254.2 million).

NOTE 40. STOCK OPTIONS AND BONUS SHARES

The total expense related to stock options or other share-based compensation for fiscal year 2011 was €21.3 million vs. €18.1 million in 2010.

in millions of euros	2011	2010
Stock options at Wendel	2.9	2.1
Grant of bonus shares at Wendel	2.7	2.2
Stock options at Bureau Veritas	2.1	1.7
Grant of bonus shares at Bureau Veritas	12.8	10.1
Stock appreciation rights at Bureau Veritas	-0.2	0.9
Stahl	0.8	1.1
Total	21.3	18.1

Grants under new stock-option plans in 2011 were as follows:

Note 40 - 1. Wendel

Pursuant to the authorization given by shareholders at their May 30, 2011 Annual Meeting, options giving the right to subscribe to 404,400 shares were allocated on July 7, 2011 with a strike price of €80.91 and a 10-year life. These options have the following features:

- a presence 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 number of options ultimately exercisable is subject to NAV increasing by 5% p.a. over two years as follows: The full number of options granted vests if the increase in NAV over the 2011-13 period is greater than or equal to 10.25%; one-half vests if the increase in NAV from 2011 to 2012 is greater than or equal to 5% and one-half if the increase in NAV from 2012 to 2013 is greater than or equal to 5%. The NAV used as the point of reference for 2011 is the NAV calculated as of May 19, 2011, or €109.3 per share;
- a holding period condition applicable only to the members of the Executive Board: the members of the Executive Board must reinvest 25% of the net capital gain realized on the sale of shares received upon exercise of the options in Wendel shares, and hold these shares in registered form until end of their term of office with the Company.

These options have been valued using a binomial model, based on the following principal assumptions: a risk-free rate of 3.51%; volatility of 26.3%; staff turnover considered to be zero. The illiquid nature of stock options has been taken into account in this model, which is usually applied to options that can be freely traded on a market. These options have been valued at €12.52 each. This estimate has not been reduced to reflect various constraints that diminish the value of the options for their beneficiaries, including blackout periods that prohibit trading for more than three months of the year and the requirement that corporate officers hold onto a portion of the shares. As of December 31, 2011, the unitary value of these options was €2.67.

The expense has been spread out on the basis of the maturity schedule of the vesting rights.

Instruments granted to employees and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2010	Options granted in 2011	Options canceled in 2011	Options exercised in 2011	Number of options outstanding as of 12/31/2011	Number of exercisable options	Exercise price (€)	Average exercise price (€)	Average residual life
Purchase-type options	186,790		-6,667	-33,921	146,202	85,802	22.58	22.58	7.5 years
Purchase-type options subject to performance conditions	559,777	404,400	-5,000		959,177	118,259	22.58 to 80.91	55.19	8.7 years
Subscription-type options	169,083			-30,941	138,142	138,142	24.59 to 90.14	62.74	3.3 years
Subscription-type options subject to performance conditions	1,168,800		-6,600		1,162,200		18.96 to 132.96	87.44	6.2 years

Bonus shares and performance shares	Shares granted as of 12/31/2010	Awards during the fiscal year	Options vested	Cancellations	Shares granted as of 12/31/2011	Grant date	Vesting date
Bonus shares	6,700		-6,700			07/16/2009	07/17/2011
	82,950			-2,000	80,950	01/12/2010	01/12/2012
	10,500				10,500	05/17/2010	05/17/2012
Performance shares	150,562			-4,125	146,437	06/04/2010	06/04/2012
	250,712		-6,700	-6,125	237,887		

Note 40 - 2. Bureau Veritas

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

Stock options	Number of options outstanding as of 12/31/2010	Options granted in 2011	Options canceled in 2011	Options exercised in 2011	Number of options outstanding as of 12/31/2011	Number of exercisable options	Exercise price (€)	Average exercise price (€)	Average residual life
Bureau Veritas	2,644,360	243,500	-64,935	-1,208,480	1,614,445	348,580	15.17 to 57.66	31.54	4.7 years

Bonus shares	Shares granted as of 12/31/2011	Grant date	Expiration date
	195,350	06/09/2008	06/09/2012
	314,800	07/03/2009	07/03/2014
	436,000	07/23/2010	07/23/2015
	376,800	07/18/2011	07/18/2016
	23,544	12/14/2011	12/13/2016
	1,346,494		

Stock appreciation rights	Expiration date	Exercise price per share	Number of options (share equivalents)	
			2,011	2,010
December 13, 2007 plan	12/12/2013	30.20	51,017	57,344
Number of options at December 31			51,017	57,344

NOTE 41. SUBSEQUENT EVENTS

No significant event took place between the December 31, 2011 closing and the date the financial statements were finalized on March 13, 2012.

NOTE 42. LIST OF PRINCIPAL CONSOLIDATED COMPANIES AS OF DECEMBER 31, 2011

Method of consolidation	% interest net of treasury shares	Company name	Country	Business segment
FC	100.00	Wendel	France	Management of shareholdings
FC	100.00	Coba	France	"
FC	100.00	Eufor	France	"
FC	100.00	Hirvest 1	France	"
FC	100.00	Hirvest 3	France	"
FC	100.00	Hirvest 4	France	"
FC	100.00	Hirvest 6	France	"
FC	100.00	Sofiservice	France	"
FC	100.00	Winbond	France	"
FC	100.00	Winvest 11	France	"
FC	100.00	Xevest holding	France	"
FC	100.00	Xevest 1	France	"
FC	100.00	Xevest 2	France	"
FC	100.00	Froeggen	Luxembourg	"
FC	100.00	Grauggen	Luxembourg	"
FC	100.00	Hourggen	Luxembourg	"
FC	100.00	Ireggen	Luxembourg	"
FC	100.00	Jeurggen	Luxembourg	"
FC	100.00	Karggen	Luxembourg	"
FC	99.52	Luxconnecting Parent	Luxembourg	"
FC	90.11	LuxButterfly	Luxembourg	"
FC	97.24	Materis Investors	Luxembourg	"
FC	100.00	Oranje-Nassau Groep	Netherlands	"
FC	100.00	Oranje-Nassau Développement	Netherlands	"

FC	100.00	Oranje-Nassau Développement France	France	
FC	98.14	Oranje-Nassau Mecatherm	Luxembourg	"
FC	95.86	Oranje-Nassau Parcours	Luxembourg	"
FC	99.50	Oranje-Nassau SA SICAR	Luxembourg	"
FC	97.40	Stahl Lux 2	Luxembourg	"
FC	100.00	Trief Corporation	Luxembourg	"
FC	100.00	Truth 2	Luxembourg	"
FC	97.53	Waldggen	Luxembourg	"
FC	100.00	Winvest Conseil	Luxembourg	"
FC	99.52	Winvest International	Luxembourg	"
FC	99.52	Win Securitization 2	Luxembourg	"
FC	100.00	Legron	Netherlands	"
FC	100.00	Sofisamc	Switzerland	"
FC	100.00	Wendel Japan	Japan	"
FC	51.19	Bureau Veritas	France	Certification and verification
FC	75.54⁽²⁾	Materis Parent	Luxembourg	Specialty chemicals for construction
FC	89.26⁽²⁾	Deutsch Group	France	High-performance connectors
FC	91.46⁽²⁾	Stahl Group	Netherlands	High-performance coatings and leather finishing products
FC	95.86	Parcours	France	Independent specialist in long-term vehicle leasing to corporate customers

FC	98.14	Mecatherm	France	Industrial bakery equipment
E	5.86	Legrand SA	France	Products and systems for low-voltage installations
E	17.07⁽²⁾	Saint-Gobain	France	Production, transformation and distribution of building materials
E	28.44	exceet	Switzerland	Design of embedded systems

(1) See Note 2 "Changes in scope of consolidation" with respect to Helikos.

(2) Interest rates : see "Accounting principles".

(3) See Note 2 "Changes in scope of consolidation" with respect to Saint-Gobain.

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.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2011, 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 as at December 31, 2011 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 which describes the methods applied to test the interest held in Saint-Gobain for impairment at December 31, 2011, and in particular:

- the determination of the value in use of the Saint-Gobain shares;
- the uncertainties with regard to the outlook for the global economy which makes forecasting difficult;
- the sensitivity analysis of this value in use 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, 2011 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 1-9 "Use of estimates" to the consolidated financial statements.

It is in this specific context that at December 31, 2011 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 1-10 "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 1-10.22 "Accounting treatment of participation of managers in Group investments", Note 4 "Participation of managers in Group investments", and Note 39-5 "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 21, 2012

The Statutory Auditors (*French original signed by*)

PricewaterhouseCoopers Audit
Etienne Boris

Ernst & Young Audit
Jean-Pierre Letartre