WENDEL

Interim report for the first half of 2011

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Interim report for the first half of 2011

Management report – first half 2011

1 – Business overview

During the first half of 2011, Wendel continued to pursue the programs it undertook two years ago, aimed at reducing debt and strengthening its financial structure. Since the beginning of the year, gross financial debt has been reduced by €1,265 million, and at the end of August, stood at €4,985 million. Overall, Wendel has reduced its gross debt by nearly €3.4 billion, or 40%, since the start of 2009 and has extended the maturity thereof, which exceeds four years on average. Wendel has a sound balance sheet, with more than €3 billion in consolidated shareholders' equity, more than €1 billion in cash, €1.4 billion in available lines of credit and high-quality, listed, liquid assets. On July 29, 2011, Standard & Poor's raised from "stable" to "positive" the outlook on its BB- credit rating for Wendel.

In addition, Wendel continued to manage its portfolio actively, notably by agreeing with Saint-Gobain cooperation principles and objectives for the next 10 years, and by stabilizing its position in Legrand through the signing of a new shareholder agreement with KKR. The Group has also become the principal shareholder in three new companies via Oranje-Nassau Développement: Parcours, exceet and Mecatherm*. Wendel's equity investment in these companies totaled nearly €270 million.

The results of first half of 2011 show that Wendel's companies have emerged from the downturn of 2008 with a strengthened business model. Against an uncertain background and rising input prices, almost all of them have posted significant growth in mature countries and robust growth in emerging markets. Growth was both organic and external resulting from 19 acquisitions, including 12 in high-growth regions. At the same time, Wendel's companies have maintained their high level of profitability, owing to a tight grip on costs. The initial outlook for 2011 is confirmed for Saint-Gobain, Bureau Veritas and Legrand, increased for Deutsch and Materis and slightly reduced for Stahl.

Wendel's companies posted excellent first-half operating performances, demonstrating that they are very well positioned on high-growth segments and in high-growth countries. Their management teams reacted very well to the 2008 crisis and are continuing to pursue their winning strategies. They remain cautious, even though none of their operational indicators are currently indicating an unfavorable change in macroeconomic trends. As for Wendel, its financial position has further improved significantly in 2011. Wendel now has the right companies, people and financial resources to get the most out of future opportunities.

* The acquisition of Mecatherm is expected to close in the second half of 2011.

H1 2011 consolidated results

(in millions of euros)	H1 2010	H1 2011	Δ
Consolidated subsidiaries	393.2	429.3	+9.2%
Financing, operating expenses and taxes	(172.9)	(159.4)	-7.8%
Net income from business sectors (1)	220.3	269.9	+22.5%
Net income from business sectors (1), Group share	**123.2**	**174.8**	**+41.9%**
Non-recurring income (loss)(2)	(20.9)	250.0	
Total net income	199.4	519.9	+160.7%
Net income, Group share	**124.5**	**452.5**	**+263.5%**

(1) Net income before goodwill allocation and non-recurring items
(2) Including goodwill allocation

Net income from business sectors

	(in millions of euros)	H1 2010	H1 2011	Δ
Fully consolidated	Bureau Veritas	152.8	168.6	+10.4%
	Materis	14.5	26.3	+81.2%
	Deutsch	31.7	33.9	+6.8%
	Stahl	9.2	6.7	-26.3%
	Stallergenes	20.2	-	
	Oranje-Nassau Développement (2)	-	2.1	
Equity method	Saint-Gobain	102.2	153.7	+50.4%
	Legrand	62.7	37.9	NS
	Total business sector contribution	**393.2**	**429.3**	**+9.2%**
	Operating expenses	(18.0)	(18.8)	
	Management fees	1.3	1.7	
	Sub-total	**(16.7)**	**(17.1)**	
	Amortization, provisions and stock-option expenses	(2.2)	(3.1)	
	Total operating expenses	**(18.9)**	**(20.2)**	**+6.9%**
	Total financial expenses	**(154.1)**	**(139.2)**	**-9.6%**
	Net income from business sectors (1)	220.3	269.9	+22.5%
	Net income from business sectors, Group share (1)	**123.2**	**174.8**	**+41.9%**

(1) Net income before goodwill allocation and non-recurring items
(2) Including Parcours, fully consolidated from April 1, 2011

The conversion from accounting presentation to economic presentation above is detailed in the notes to the condensed consolidated financial statements for the first half of 2011.

The Supervisory Board met on August 30, 2011 to review Wendel's consolidated financial statements, as approved by the Executive Board on August 23. The financial statements were subject to a limited review by the statutory auditors prior to publication.

Wendel recorded a 20.6% rise in consolidated sales, to €3,136.9 million, and organic growth of 8.6%. All of the companies, whether fully consolidated or accounted for by the equity method, posted growth. The overall contribution of the Group's companies to net income from business sectors totaled €429.3 million, reflecting a 9.2% increase compared to H1 2010. With the exception of Stahl, all of the companies contributed positively to Wendel's increase in net income. Wendel's operating expenses remained stable at €18.8 million and financial expenses were cut by 9.6% over the first half. Net income from business sectors consequently rose 22.5% to €269.9 million and net income from business sectors, Group share, climbed 41.9% to €174.8 million.

Non-recurring income totaled €250 million vs. a non-recurring loss of €20.9 million in H1 2010. It included positive items, such as capital gains on asset sales of €449.7 million, of which €426.7 million related to the sale of a block of Legrand shares. Conversely, it included negative items of €80.8 million in goodwill allocation expenses, €60.3 million in asset impairment charges, €11.4 million in dilution losses, €8.5 million in downward adjustments to market value and €38.7 million in other non-recurring expenses.

Total net income surged 160.7% to €519.9 million (Group share: €452.5 million, up 263.5%). Consolidated shareholders' equity advanced to €3,156.8 million at June 30, 2011, from €2,892.5 million at December 31, 2010.

Continued debt reduction: more steps to strengthen and optimize Wendel's financial structure in the first half.

Wendel continued to strengthen its financial structure by paying down debt and stretching out the maturity of its existing debts. The Group's financial situation enables it to face market turbulence.

Since the beginning of the year, gross financial debt has been reduced by €1,265 million. As of the end of August 2011, it totaled €4,985 million. Now that Wendel has fully repaid its debt without margin calls, as announced on May 30, 2011, it has no debt maturing before July 2013.

During the course of the first half, Wendel drew down €500 million under its €1.2 billion syndicated credit line and repaid €631 million in Saint-Gobain bank debt with margin calls, the remaining amount deriving from Wendel's cash balances. This transaction optimized the Group's financing costs, which are much lower under the syndicated credit line (Euribor +70 bps) than they were under the now-repaid debt with margin calls (Euribor +250 bps). Wendel has postponed the maturity of part of its bank debt with margin calls for 19 months as follows: €425 million has now been spread equally between 2016 and 2017, vs. 2014 and 2015 previously, and the cost reduced by 50 bps.

As of August 22, 2011, debt with margin calls financing Saint-Gobain shares totaled €1,685 million (€266 million maturing in 2013, €594 million in 2014, €400 million in 2015, €213 million in 2016 and €213 million in 2017), vs. €2,686 million on December 31, 2010.

Confident about Saint-Gobain's 2015 objectives, Wendel increased its exposure to the company during H1 2011 by selling all of the put options it held on Saint-Gobain shares. This enabled it to repay all of the debt without margin calls, which totaled €729 million as of December 31, 2010. In addition, Wendel has extended the maturity of 2.2 million puts it has issued from September 2011 to September 2012.

Wendel's bond debt totaled €2,800 million on August 22, 2011 (€700 million maturing in 2014, €400 million in 2015, €700 million in 2016, €700 million in 2017 and €300 million in 2018). This debt totaled €2,835 million on December 31, 2010.

As of August 22, 2011, Wendel continued to enjoy significant flexibility, with a high cash balance of €1,053 million, of which €901 million was unpledged. Through management of the debt, cash to be pledged in the event of a decline in share prices has been significantly reduced. Wendel has undrawn credit lines of €1,390 million, of which €690 million serve to finance or refinance the investment in Saint-Gobain shares.

Confirmation of the quality and strength of the companies in the Group

Bureau Veritas – Strong performance during H1 2011 – Expected to post high growth in revenues and earnings over the full-year 2011.

Bureau Veritas' revenues amounted to €1,622.8 million in H1 2011, up 20.3% compared with H1 2010. 6.6% of growth was organic(1), 14.2% resulted from a change in scope(2) and there was a negative 0.5% impact from exchange rates(3). Business in high-growth regions continued to grow during the first half, reaching 47% of revenue.

Four other acquisitions have been made since the start of the year. Acquisitions strengthen Bureau Veritas' expertise and portfolio of services in high-potential activities and round out its geographical coverage in fast-growing regions.

Adjusted operating margin stood at 16.0% in H1 2011 vs. 16.7% in H1 2010. This expected 70-basis point narrowing was primarily due to dilution caused by the consolidation of Inspectorate.

Bureau Veritas invested a total of €44.9 million in PPE and intangible assets during H1 2011, an increase of 59.8% compared to H1 2010 (€28.1 million). Bureau Veritas' capex-to-revenue ratio surged from 2.1% in H1 2010 to 2.8%. This was to fund the development of the global commodities' testing and analysis platform.

Bureau Veritas' adjusted net financial debt totaled €1,156 million on June 30, 2011, or 1.94x EBITDA.

As of today, Bureau Veritas has noticed no impact of the deterioration in the economic backdrop on its activities. Bureau Veritas confirms that it should post high growth in 2011 revenue and adjusted operating income on a constant currency basis thanks to the consolidation of recent acquisitions and organic growth exceeding that of 2010 as a whole and consistent with H2 2010.

(1) including the organic contribution from Inspectorate in H1 2011
(2) primarily owing to the acquisition of Inspectorate
(3) due to weakness in the US dollar and the Kong-Kong dollar relative to the euro

Materis – Earnings rise significantly in the first half

Materis, a world leader in specialty materials for the construction industry, posted sales of €1,022.5 million in H1 2011, up 10.5% on the year-earlier period. 8.6% of growth was organic (5.4% resulted from volume and product mix effects and 3.2% from price effects).

Changes in scope generated a positive impact of 2.2%, mainly from the integration of South-African company a.b.e (acquired in September 2010) and independent paint distributors in France and Italy. Currency fluctuations had a negative impact of 0.3%.

Materis continued to take advantage of the high growth in emerging economies (14% organic growth), in particular in Latin America and the Middle East, the bounce-back in mature economies (7% organic growth) resulting from renewed growth in underlying markets (in particular in France) and better weather than in the previous year.

- the Aluminates business advanced significantly (up 6%, including 7% organic growth) buoyed by the turnaround in the building industry chemicals sector in Germany, Russia and Scandinavia, the rapid growth of the steel industry in Europe, North America and Asia, and a price/product mix policy designed to pass on increases in raw material prices and focus on high value-added products;
- The Admixtures division also grew significantly (up 23%, including 12% organic growth), due to the integration of a.b.e, promising end markets in all regions (France, India, Eastern Europe, United States, Africa/Middle East) except Southern Europe, and ongoing innovation efforts;
- The Mortars division (up 14%, including 13% organic growth) benefited from buoyant sales in the French market and the continued growth of the emerging markets (organic growth across the regions ranged between 10% and 30%), which more than offset the decline in Spain and,

to a lesser extent, the United States, resulting from the drop in the number of building starts in the second half;

- the Paints business experienced strong growth (7%, including 5% organic growth), bolstered by the increased activity in French, Italian, Argentinian and Moroccan markets, and by targeted acquisitions which offset the slight decline in Portugal and Spain.

Adjusted operating income rose 4.7% to €106.3 million (10.4% of sales), compared to €101.5 million (11.0% of sales) in H1 2010. Materis' operating income was slightly higher than forecast for two reasons: i) business volumes were high in the majority of regions and ii) the impact of most increases in raw material prices (such as titanium dioxide used in the Paints business) was lessened through adjustment to sales prices in absolute value terms. Despite a bleaker outlook for Southern Europe, Materis opted to keep its historical strategic positions there, implementing tough action plans so as to limit the effect of dilution on its margin.

Materis' net debt totaled €1,872 million. The €40 million increase on the year-earlier period is a result of acquisitions. As Materis envisages further acquisitions, it has secured a 12-month extension from its banking pool for its credit line to fund acquisitions. The credit line will be available until June 2012.

Materis has revised its sales forecasts upwards, with organic growth now projected to exceed 5% in 2011, by maintaining tight control over sales prices and costs in a volatile economic environment with fluctuating raw material prices.

Deutsch posts double-digit growth in sales and strong growth of EBITDA, up 36.8%.

Deutsch, the world leader in high-performance connectors, posted sales of $350.6 million, up 29.9% compared to H1 2010. 27% of this growth was organic, with the remaining 2.9% owing to currency translation effects.

As in Q1 2011, the majority of this high growth generated in Q2 came from the Industrial division (ID), accounting for 56% of sales as the sector continued to benefit from strong growth in sales of trucks and construction equipment. Thus in Q2 2011, despite an unfavorable base effect, the ID in the US posted an organic increase in sales of 24.5%, and 49% in Europe. Business in China experienced strong organic growth, up 163.3% with a significant increase in sales to local customers.

Ladd, an ID distributor in the United States continued its upward trajectory (15.6% organically) during the first half.

The aerospace and defense division strengthened its recovery in H1 2011, recording organic growth of 20.8% compared to H1 2010.

Adjusted operating income rose significantly, totaling $79.5 million. The operating margin stood at 22.7% of sales, compared to 20.7% in H1 2010.

Deutsch's net debt dropped 7% to $570 million.

Deutsch has revised its outlook for FY 2011 upwards (assuming, of course, that the markets do not experience a sudden, new downturn):

- increase in sales of 12-15% with continuing growth in the industrial sector and strengthened recovery of civil aerospace (aircraft manufacturers took a record number of orders at the "Salon du Bourget 2011", the Paris air show),
- stable or increased operating margin,
- continued debt reduction.

Stahl sees moderate growth – Margins affected by an increase in raw material prices

(Full consolidation from February 26, 2010)

Stahl, the world leader in leather finishing products and other high-performance coatings, posted sales of €172.1 million in H1 2011, up 2.1% on the record performance of H1 2010. Organic growth totaled 0.8%. Business slowed in the second quarter of 2011 and was penalized by an unfavorable basis of comparison given that Stahl posted record high sales the previous year, benefiting from restocking effects.

The mature countries (in Europe and North America) experienced robust growth in H1. In emerging market economies (China, Southeast Asia and South America), however, market conditions proved more challenging, apart from India, whose economy continued to grow at a brisk pace. These difficulties primarily affected the Leather division (down 1%), with the increase in the price of hides and skins weighing on the tannery business. The Permuthane (high-performance coatings) division continued to grow (up 6%) thanks to gains in market share and the successful launch of new products.

Similar to all other players in the chemical industry, Stahl's gross margin eroded owing to the continuing increase in raw material prices. The company passed on these increases in a regular and selective manner to the sales prices in order to limit the impact. In this highly inflationary context, adjusted operating income amounted to €21.2 million, down 23% vs. H1 2010 and the operating margin stood at 12.3%, down approximately four percentage points.

Stahl's net financial debt remained stable: €182.8 million at the end of June 2011, compared to €181 million at end-2010.

Stahl now anticipates organic growth in sales to pick up speed in the second half of 2011, at a rate gradually approaching the long-term target of 5%.

Parcours posts sound financial performance in H1 2011

(Full consolidation from April 2011)

Parcours' first-half 2011 sales totaled €132.5 million, up 13.8% compared with H1 2010, an advancement achieved solely through organic growth.

The independent vehicle leasing specialist in France pursued its development during the second quarter of 2011.

Parcours' vehicle leasing and maintenance businesses advanced by 12% to €96.7 million, compared to €86.1 million in the year-earlier period. These activities were bolstered by a 10% increase in the fleet of vehicles rented over the past year, which is now slightly above 43,200 vehicles. In H1 2011, Parcours continued to gain market share, growing at a faster pace than its competitors. Deliveries slowed down due to the events in Japan, which affected all players in the automotive industry. As a result, at the end of June, Parcours' portfolio of non-delivered orders amounted to more than 4,700 vehicles, up 14% compared to June 2010.

Parcours' second-hand vehicles business also posted strong performance, with 18% growth in sales (€35.8 million in H1 2011), in particular owing to the activity on Parcours' second-hand vehicle sales sites in the past few months.

Parcours projects that this trend will continue into the second half.

In H1 2011, pre-tax ordinary income totaled €6.5 million, representing 4.9% of sales.

Saint-Gobain – Strong organic growth; robust growth in half-year earnings.

(Equity method)

Saint-Gobain's consolidated sales increased by 6.9% to €20,875 million. Organic sales rose 6.7%, including a positive 4.3% volume impact and a positive 2.4% price effect.

In the second quarter of 2011, Saint-Gobain continued to enjoy the improved general market conditions that were observed in Q1 across all its activities (excluding the very positive impact of mild winter weather and the number of working days which boosted volumes in the first quarter). All the group's business sectors and main geographic regions contributed to its organic growth

(4.4%), which continued to be powered by vigorous momentum in emerging countries and brisk trading in industrial markets and confirms the gradual improvement in businesses linked to the residential construction sector in Europe. High value-added solutions and especially businesses related to energy efficiency in the habitat market continued to spearhead Saint-Gobain's organic growth on residential construction markets in Europe, buoyed by new energy performance standards. The growth push in these sectors continues to be driven by Saint-Gobain's largest national markets (France, Germany and Scandinavia) with the exception of the UK where sales volumes slowed during the second quarter. Businesses related to household consumption (Packaging sector: Verallia) continued to perform well. Barring the renovation segment, which saw growth pick up pace over the last few months due to severe storms, construction markets in North America remained in the doldrums.

Bolstered by the cost savings achieved over the last three years, operating income benefited fully from the growth in sales, up 18.6%(1). The operating margin thus rose significantly to 8.2% of sales, compared to 7.4% in H1 2010.

Net income(2) stood at €902 million, up 55.5% vs. the year-earlier period.

Saint-Gobain boosted its capital expenditure by 48.4% to €641 million, accounting for 3.1% of sales. Half of these investments relate to growth capex, focused chiefly on selective growth projects in Asia and emerging countries and activities related to energy efficiency. Despite the sharp rise in capital expenditure, Saint-Gobain's free cash flow(3) rose 7% to €1.1 billion. Saint-Gobain has therefore achieved more than 80% of its full-year free cash flow target.

Saint-Gobain's net debt remained stable year-on-year, at €9.1 billion, with all of the cash flow generated used to relaunch capital spending and acquisitions projects, pay dividends and buy back shares. Nevertheless, the net debt to EBITDA ratio came out at 1.8 versus 2.1 at end-June 2010.

Saint-Gobain is confident about its ability to achieve its full-year 2011 targets of robust organic growth and double-digit growth in operating income(4), as well as €1.3 billion in free cash flow while maintaining a strong balance sheet.

(1)at constant exchange rates (average exchange rate for first half 2010).
(2) Excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.
(3) before tax impact on capital gains and losses and asset write-downs.
(4) at constant exchange rates (average exchange rate for 2010).

Legrand – Good performance in H1 2011 – 2011 targets confirmed.

(Equity method)

In the first half of 2011, Legrand sales rose 10.4% to €2,107.8 million. Sales increased 7.9% year-on-year at constant scope of consolidation and exchange rates, owing to the strong growth in new economies (22% in total), the successful launch of new products, vigorous expansion in new business segments(1) (nearly 28% growth in total), and a favorable basis of comparison. Changes in the scope of consolidation made a 3.1% growth contribution, while exchange rates had a negative impact of 0.8%.

Over the past 12 months, Legrand self-financed seven bolt-on acquisitions of small and mid-size companies, representing aggregate sales of €300 million on a full-year basis. The companies offer high growth potential, operate in areas that are complementary to that of Legrand's activities and have strong positions in fast-growing markets.

Adjusted operating income totaled €442.7 million, up 8.9% on H1 2010. In the first half, Legrand maintained its adjusted operating margin excluding acquisitions at 21.3% of sales, illustrating in particular Legrand's success in passing on into sales prices the steep rise in raw material prices observed in the first half of the year.

Net income excluding minorities totaled €266.4 million, up 38.3%.

Good operating performance and effective control of capital employed enabled Legrand to generate a free cash flow of 8.8% of sales, totaling €184.5 million[(2)]. Legrand is therefore in a position to self-finance its organic growth and acquisitions and enjoy a robust balance sheet.

Legrand's first-half results were in line with its expectations, enabling it to confirm its 2011 targets: a 5% organic increase in sales, boosted by acquisitions[(3)] and an adjusted operating margin equaling or exceeding 20%, including the impact of acquisitions[(3)].

All in all, these good performances illustrate both the effectiveness and the soundness of Legrand's business model, and support its mid-term objectives.

(1) Digital infrastructures, energy-performance solutions, residential systems and cable management.
(2) Based on a constant ratio of working capital requirements to revenues, free cash flow stood at 13% of sales before acquisitions for the first half of both 2011 and 2010.
(3) Small and medium-size bolt-on acquisitions

Significant events after the end of the first half of 2011:

July 11, 2011 – Agreement to acquire the Mecatherm group, world leader in industrial bakery equipment.

Through its subsidiary Oranje-Nassau Développement, Wendel signed an agreement to become the majority shareholder in the Mecatherm group.

Wendel's offer values the Mecatherm group at €170 million, or 9x EBITA.

The acquisition of the Mecatherm group is expected to close in the second half of 2011. Wendel plans to invest around €110 million in equity via Oranje-Nassau Développement and to hold 96% of the shares.

Founded in 1964, the Mecatherm group has 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, pastries, etc.) throughout the world. In 2010, the Mecatherm group posted sales of around €90 million, including nearly 75% outside France.

July 26, 2011 – Helikos acquires exceet, European leader in embedded electronics and security solutions.

As founder of Helikos via Oranje-Nassau Développement, Wendel holds 28.4% of the listed shares and 30.2% of the voting rights and capital of exceet, a company listed on the Frankfurt stock exchange. This can change automatically if exceet's share price reaches specified thresholds.

Wendel 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 purchases of exceet shares at the time exceet was acquired. In addition, Wendel will provide up to €11.3 million of shareholder loans to exceet.

With German roots and an industrial and commercial presence in Germany, exceet designs, develops and produces customized components and solutions that are essential for its blue-chip customers (complex electronic modules and systems, electronic chips and smart cards) and produces them in small and medium quantities. Exceet posted sales of €119.7 million in 2010[(1)], an increase of over 50% (including organic growth of 20%) compared to the previous year. In H1 2011, sales rose by 30%[(2)] to €79 million.

(1) Based on a translation from Swiss francs to euros
(2) Increase in Swiss franc terms

August 2011 – Purchase of 1.91 million Saint-Gobain shares at €33.1

Taking advantage of the sharp drop in share prices, its knowledge of Saint-Gobain and its confidence in the latter's strategy, Wendel acquired 1.91 million Saint-Gobain shares at €33.1 a share. As of today, Wendel owns 91.7 million Saint-Gobain shares, or 17.1% of the capital.

2 – Other information

Information on **risk management**, **related parties** and **changes in the scope of consolidation** is provided in the notes to the condensed, consolidated, first-half financial statements.

Net Asset Value (NAV)

Net Asset Value (NAV) as of August 22, 2011

Net asset value, impacted by the sudden drop in the financial markets, stood at €75 per share on August 22, 2011.

(in €M)			05/19/2011	08/22/2011
Listed equity investments	Number of shares (millions)	Share price (1)	**8,294**	**7,042**
• Saint-Gobain	91.7 (August 2011) / 89.8 (May 2011)	€35.6	4,140	3,262
• Bureau Veritas	56.3	€53.8	3,277	3,027
• Legrand	29.3	€25.7	877	753
Unlisted equity investments (Deutsch, Materis, Stahl)			1,012	626
Oranje-Nassau Développement (Parcours, VGG, exceet and other investments)			167	201
Other assets and liabilities of Wendel and holding companies (2)			48	86
Cash and financial investments (3)			1,254	1,053
Gross assets, revalued			**10,776**	**9,008**
Wendel bond debt			(2,882)	(2,862)
Syndicated loan			-	(500)
Bank debt related to Saint-Gobain financing			(2,270)	(1,697)
Value of puts issued on Saint-Gobain (4)			(99)	(155)
Net asset value			**5,525**	**3,793**
Number of shares			50,527,635	50,560,975
Net asset value per share			€109.3	€75.0
Average of 20 most recent Wendel share prices			€83.5	€64.1
Premium (discount) on NAV			(23.6%)	(14.5%)

(1) Average of 20 most recent closing prices calculated on August 22, 2011
(2) Including 2,110,654 treasury shares as of August 22, 2011
(3) Cash and financial investments of Wendel and Saint-Gobain acquisition holding companies, including €0.90 billion in unpledged cash (€0.6 billion in short-term cash positions and €0.3 billion in liquid financial investments), and €0.15 billion in pledged cash
(4) 6.1 million puts issued as of August 22, 2011

The calculation methodology was detailed on August 31, 2009 and remains unchanged. It conforms to the recommendations of the European Venture Capital Association.

First-half 2011 financial statements

1 Condensed consolidated financial statements for the first half of 2011

1.1 Balance sheet - Consolidated financial position

ASSETS

In millions of euros	Note	6/30/2011	12/31/2010
Goodwill, net	1	2,923.0	2,961.8
Intangible assets, net		1,601.2	1,622.6
Property, plant & equipment, net	2	1,404.6	988.4
Non-current financial assets	5	257.8	861.6
Equity-method investments	3	5,073.5	5,334.1
Deferred tax assets		140.5	129.8
Total non-current assets		**11,400.6**	**11,898.2**
Assets and operations held for sale		**4.5**	**125.9**
Inventories		460.5	394.9
Trade receivables		1,465.9	1,288.4
Other current assets		242.7	207.4
Current income tax assets		30.0	30.0
Other current financial assets	5	1,407.0	1,624.2
Total current assets		**3,606.2**	**3,545.0**
Total assets		**15,011.2**	**15,569.1**

LIABILITIES AND SHAREHOLDERS' EQUITY

In millions of euros	Note	6/30/2011	12/31/2010
Share capital		202.2	202.0
Share premiums		252.4	249.8
Retained earnings and other reserves		1,762.8	929.6
Net income (loss) - Group share		452.5	1,002.3
		2,669.9	2,383.7
Non-controlling interests		486.9	508.7
Total shareholders' equity	6	**3,156.8**	**2,892.5**
Long-term provisions	7	295.1	312.1
Long-term borrowings and debt	8	8,756.3	9,235.7
Other non-current financial liabilities	5	69.6	139.6
Deferred tax liabilities		590.2	580.9
Total non-current liabilities		**9,711.2**	**10,268.2**
Liabilities of operations held for sale		**0.0**	**0.0**
Short-term provisions	7	8.6	7.5
Short-term borrowings and debt	8	526.1	890.8
Other current financial liabilities	5	143.8	138.5
Trade payables		655.7	540.9
Other current liabilities		726.2	743.3
Current income tax liabilities		82.9	87.5
Total current liabilities		**2,143.3**	**2,408.5**
Total liabilities and shareholders' equity		**15,011.2**	**15,569.1**

1.2 Consolidated income statement

In millions of euros	Note	H1 2011	H1 2010
Net sales	9	3,136.9	2,600.6
Other income from operations		1.0	0.7
Operating expenses		-2,762.1	-2,298.7
Income from ordinary activities		***375.9***	***302.5***
Other operating income and expenses	10	-44.4	-24.8
Operating income		***331.5***	***277.8***
Income from cash and cash equivalents		7.5	5.2
Finance costs, gross		-261.7	-275.8
Finance costs, net	11	*-254.2*	*-270.6*
Other financial income and expenses	12	-18.0	135.9
Tax expense	13	-80.8	-53.2
Net income (loss) from equity-method investments	14	541.0	89.4
Net income from continuing operations		***519.5***	***179.2***
Net income from discontinued operations and operations held for sale	15	0.4	20.2
Net income (loss)		***519.9***	***199.4***
Net income, non-controlling interests		67.4	74.9
Net income, Group share		**452.5**	**124.5**

in euros	Note	H1 2011	H12010
Basic earnings per share (in euros)	16	9.24	2.50
Diluted earnings per share (in euros)	16	9.00	2.42
Basic earnings per share from continuing operations (in euros)	16	9.23	2.31
Diluted earnings per share from continuing operations (in euros)	16	8.99	2.23
Basic earnings per share from discontinued operations (in euros)	16	0.01	0.19
Diluted earnings per share from discontinued operations (in euros)	16	0.01	0.18

Wendel sold its stake in Stallergenes during the second half of 2010. Because of this, the presentation of the income statement for the first half of 2010 has been changed. Stallergenes' income and expenses have been grouped under "Net income from discontinued operations and operations held for sale".

1.3 Statement of comprehensive income

	H1 2011			H1 2010		
In millions of euros	**Gross amounts**	**Tax effect**	**Net amounts**	**Gross amounts**	**Tax effect**	**Net amounts**
Translation reserves (1)	-152.2		-152.2	444.5		444.5
Actuarial gains and losses (2)	3.1	-0.5	2.6	-81.7	26.5	-55.3
Gains and losses on assets available for sale	0.8		0.8	1.5		1.5
Gains and losses on qualified hedges	41.3	-6.5	34.8	42.5	-5.7	36.8
Earnings previously recognized in shareholders' equity taken to the income statement (3)	14.9	0.0	14.9			
Other	0.3		0.3			
Income and expenses recognized directly in shareholders' equity (A)	**-91.8**	**-7.0**	**-98.8**	**406.8**	**20.7**	**427.5**
Net income for the period (B)			519.9			199.4
Total income and expenses recognized for the period (A) + (B)			**421.1**			**626.9**
Attributable to:						
- shareholders of Wendel			392.8			468.4
- non-controlling interests			28.3			158.5

(1) Includes -€61.4 million related to Saint-Gobain (+€245.0 million in H1 2010) and -€75.5 million related to Bureau Veritas (+€134.8 million in H1 2010).

(2) The main impact is due to Saint-Gobain (+€2.9 million before taxes, vs. -€78.3 million in H1 2010).

(3) The main impact in 2011 was from Eufor's +€16.5 million in interest-rate hedging transactions (see Note 5-C "Derivatives").

1.4 Statement of changes in shareholders' equity

In millions of euros	Number of shares outstanding	Share capital	Share premiums	Treasury shares	Retained earnings & other reserves	Trans-lation adjust-ments	Group share	Non-controlling interests	Total share-holders' 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 period (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 compensation: stock options and bonus shares (including equity-method investments)					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)					50.3	-110.0	-59.7	-39.1	-98.8
Net income for the period (B)					452.5		452.5	67.4	519.9
Total income and expenses recognized during the period (A)+(B) (2)					502.8	-110.0	392.8	28.3	421.1
Dividends paid (1)					-61.2		-61.2	-63.7	-124.8
Treasury shares	-863,306			-66.5			-66.5		-66.5
Capital increase									
Exercise of stock options	28,941	0.1	1.3				1.4		1.4
Company savings plan	28,255	0.1	1.3				1.4		1.4
Share-based compensation: stock options (incl. equity-method investments)					11.4		11.4	2.1	13.5
Changes in scope of consolidation					3.3		3.3	-3.5	-0.3
Other					-29.0	32.6	3.6	15.0	18.6
Balance at 6/30/2011	**48,617,282**	**202.2**	**252.4**	**-117.1**	**2,361.6**	**-29.2**	**2,669.9**	**486.9**	**3,156.8**

(1) Net dividend paid in H1 2011 (€1.25 per share) and in H1 2010 (€1.00 per share).

(2) See "Statement of comprehensive income".

1.5 Consolidated cash flow statement

In millions of euros	Note	H1 2011	H1 2010
Cash flows from operating activities			
Net income (loss)		519.9	199.4
Share of net income from equity-method investments		-541.0	-89.4
Net income from discontinued operations and operations held for sale		-0.4	-
Depreciation, amortization, provisions and other non-cash items		180.5	128.9
Non-cash income and expense related to stock options and similar items		9.5	6.0
Expenses on investments and asset disposals		0.1	2.1
Gains (losses) on disposal of assets		-0.3	2.7
Financial income and expenses		272.2	134.9
Taxes (current & deferred)		80.8	62.4
Cash flow from consolidated companies before tax		521.3	447.0
Change in working capital requirement related to operating activities		-200.3	-149.8
Net cash flows from operating activities, excluding tax		**321.0**	**297.2**
Cash flows from investing activities, excluding tax			
Acquisitions of intangible assets and property, plant & equipment	17	-136.5	-74.9
Disposals of intangible assets and property, plant & equipment		7.0	1.3
Acquisition of equity investments	18	-186.5	-72.4
Disposal of equity investments	19	767.6	6.7
Impact of changes in scope of consolidation and operations held for sale	20	9.0	14.6
Changes in other financial assets and liabilities and other	21	231.5	-336.3
Dividends received from equity-method investments and non-consolidated companies	22	131.5	46.1
Change in working capital requirements related to investment activities		-4.0	-13.7
Net cash flows from investing activities, excluding tax		**819.5**	**-428.7**
Cash flows from financing activities, excluding tax			
Proceeds from issuance of shares		2.9	0.6
Contribution of non-controlling shareholders		19.7	1.4
Share buybacks		-66.5	-11.1
Dividends paid by Wendel		-61.2	-49.7
Dividends paid to non-controlling shareholders of subsidiaries		-63.7	-51.5
New borrowings	23	1,225.9	272.0
Repayment of borrowings	23	-2,404.9	-555.0
Finance costs, net		-238.9	-256.5
Other financial income (expenses)		-15.7	-12.5
Change in working capital requirements related to financing activities		57.0	50.6
Net cash flows from financing activities, excluding tax		**-1,545.5**	**-611.9**
Cash flows related to taxes			
Current tax		-98.7	-95.9
Change in tax assets and liabilities (excl. deferred taxes)		-2.1	19.1
Net cash flows related to taxes		**-100.8**	**-76.8**
Effect of currency fluctuations		-16.7	33.3
Net change in cash and cash equivalents		-522.5	-786.9
Cash and cash equivalents at the beginning of the period		1,715.9	2,441.1
Cash and cash equivalents at the end of the period	**4**	**1,193.4**	**1,654.2**

The principal components of the consolidated cash flow statement are detailed beginning with Note 17.

Details on the cash and cash equivalents account and how it is classified on the consolidated balance sheet are provided in Note 4. At June 30, 2011, cash and cash equivalents were composed of €146 million in pledged cash recognized under non-current financial assets and €1,047 million in unpledged cash recognized under current financial assets.

H1 2010 cash flows included Stallergenes, which was sold in H2 2010 (see "Segment Information" section).

1.6 General principles

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

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

Wendel's condensed first-half consolidated financial statements cover the six-month period from January 1, 2011 to June 30, 2011. All amounts are 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.

These financial statements were approved by Wendel's Executive Board on August 23, 2011.

1.7 Accounting principles

This set of consolidated financial statements for the first half of 2011 has been prepared in accordance with IAS 34 "Interim Financial Reporting". These financial statements should be read in conjunction with the financial statements for the 2010 fiscal year included in the Reference Document filed with the AMF on April 7, 2011 under number D11-0253.

These accounting principles are the same as 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. They correspond to the IFRSs as adopted by the European Union, which are available on the website of the European Commission:

"http://ec.europa.eu/internal_market/accounting/ias/index_en.htm".

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

- Amendment to IAS 32 regarding "Classification of rights issues".
- Revised IAS 24 "Related party disclosures";
- Amendment to IFRIC 14 "Prepayments of a minimum funding requirement";
- IFRIC 19: "Extinguishing financial liabilities with equity instruments";
- Annual improvements to IFRS.

Application of these standards did not have a significant impact.

Wendel did not opt for early adoption of the new standards, amendments to existing standards and interpretations that were not mandatory for 2011 :

- Amendment to IFRS 7 "Financial instruments: Disclosures" - Transfers of financial assets";
- Amendment to IAS 12 "Deferred taxes: recovery of underlying assets";
- IFRS 9 "Financial instruments";
- IFRS 10 “Consolidated financial statements";
- IFRS 11 "Joint arrangements";
- IFRS 12 "Disclosure of interests in other entities";
- IFRS 13 "Fair value measurement";
- IAS 28 "Investments in associates and joint ventures";
- IAS 19 "Employee benefits";
- Amendment to IAS 1 “Presentation of financial statements - Presentation of items of other comprehensive income (OCI)".

Wendel is currently assessing the potential impact of the application of these texts on its financial statements.

1.8 Changes in scope of consolidation

1.8.1 Changes in scope of consolidation during the first half of 2011

1.8.1.1 Investment in Saint-Gobain (production, transformation and distribution of construction materials)

As of June 30, 2011, Wendel owned 89,812,635 million Saint-Gobain shares, representing 17.02% of the capital of Saint-Gobain (net of treasury shares) and 26.45% of the voting rights. The change in ownership percentage during the first half of 2011 derived principally from the capital increase reserved for employees and to share buybacks carried out by Saint-Gobain. The cumulative net impact of these transactions on ownership interest during the period was relatively insignificant (-0.06 points) and required Wendel to recognize a dilution loss of €11.4 million under "Net income (loss) 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 first half of 2011 under an option contract for a total of €144 million. The decision to receive the 2010 dividend in the form of shares (issue price: €28.58 per share, or €89.8 million) enabled the Group to benefit from the increase in Saint-Gobain's share price and to record a total financial gain of €54.2 million. From an accounting standpoint, the sale generated a capital gain of €23 million in H1 2011 financial income and expense. This amount corresponds to the difference between the sale price of €144 million and the value of the shares on the balance sheet as of December 31, 2010 of €121 million (2010 closing price).

On May 26, 2011, Wendel and Saint-Gobain published the principles and objectives of their new, 10-year cooperation agreement, as the agreements the two groups had signed in March 2008 were coming to a close.

In August 2011 (subsequent to the close), Wendel purchased 1,910,000 additional Saint-Gobain shares on the market. See "Subsequent events".

1.8.1.2 Sale of a block of 21.8 million Legrand shares (products and systems for low-voltage installations), or 8.3% of share capital.

On March 4, 2011, Wendel sold a block of 21,812,942 Legrand shares at €28.75 per share:

Sale proceeds	€627.1 million
Book value of shares sold	€(195.8) million

(including the reversal of translation adjustments)	
Selling costs	€(4.6) million
Gain on sale, net of selling costs	**€426.7 million**

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

Since this transaction, Wendel has held 29,321,022 Legrand shares, or 11.2% capital (net of treasury shares) and 17.8% of voting rights. The combined holding of Wendel and KKR totals around 21.3% of the capital and 34% 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 block sale having reduced their stakes in Legrand, KKR and Wendel reduced their representation on Legrand's board of directors from three to two directors each. As Wendel continued to exercise significant influence over Legrand, it accounted for its investment using the equity method: 19.5% until the sale and 11.2% thereafter.

1.8.1.3 Acquisition of Parcours (long-term vehicle leasing)

On April 15, 2011, Wendel acquired the Parcours group via its subsidiary Oranje-Nassau Développement. Parcours is the only independent player of a significant size operating in the long-term car leasing sector in France. Parcours operates throughout France with 240 employees, 18 offices and around 43,200 leased vehicles. Since 2005, the company has also been present abroad, with four locations in Europe (Luxembourg, Belgium and Spain). Parcours' net debt totaled around €350 million at end-June 2011. Debt is operational, 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. This is therefore the measure presented under "Segment information", relative to this investment.

In millions of euros	Contribution to H1 2011 (3 mos. after takeover)	estimated H1 2011 (6 months)
Sales*	69.4	132.5
Pre-tax ordinary income	4.3	6.5

** Includes sales of second-hand vehicles in accordance with IFRS (€18.9 million for the three-month period from the date Wendel took control and an estimated €35.8 million for the first half of 2011)*

Wendel's investment totaled €107 million, excluding acquisition expenses, for 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. impact of 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 on Wendel's consolidated financial statements is negligible. The tentative amount of goodwill recognized when Wendel took control was €35.9 million, after revaluation of identifiable assets and liabilities and contingent liabilities. €21.4 million of the goodwill pertained to existing contracts at the time of the acquisition. Their valuation was based on the expected pre-tax ordinary income these contracts were expected to generate and on a renewal rate based on historical statistics. This intangible asset will be 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 also purchased Parcours 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 purchased the warrants at fair value for €0.6 million.

For accounting purposes, these co-investments are treated similarly to the other co-investments existing in the Group (see section entitled, "Accounting treatment of managers' participation in Group investments" in the 2010 Reference Document).

In addition, approximately 20 Wendel managers were invited to co-invest in Parcours alongside Wendel, in accordance with the principles presented in the section entitled, "Co-investment by Wendel's management teams" in the 2010 Reference Document. These managers were thus given the opportunity to invest up to 0.5% of the amounts invested by Wendel, i.e. approximately €0.5 million. 30% of the amount invested by the managers are invested under the same terms and conditions as Wendel (pari passu co-investment). The remaining 70% give rights to 7% of the capital gain, provided that Wendel has obtained a minimum return of 7% p.a. and a 40% cumulative return on its investment; otherwise, the management team will lose the full 70% of the amounts they have invested. As of June 30, 2011, the investing managers had made the payments corresponding to this co-investment. The legal documentation governing the co-investment will be completed in the second half of 2011.

1.8.1.4 Main changes in scope of consolidation of subsidiaries and associates

- Acquisitions by the Bureau Veritas group (compliance evaluation and certification services)

Since the start of the year, Bureau Veritas has continued to pursue its acquisition strategy, carrying out acquisitions in high-growth countries or in high-potential businesses. Bureau Veritas acquired 100% of the following companies:

- Auto Reg, leader in vehicle claim inspections in Brazil, with sales of €23 million in 2010,
- Atomic Technologies, a non-destructive testing company in Southeast Asia, based in Singapore, with sales of approximately €3 million in 2010, and
- Scientige, a company based in Malaysia and specialized in asset integrity management, with sales of €5 million in 2010.

The cost of these acquisitions totaled €59.2 million, of which goodwill represented €40.2 million.

- Acquisitions by the Materis group (specialty chemicals for the construction sector)

In the first half of 2011, the Materis group acquired four independent paint distributors in Italy, which were consolidated during the period. The acquisition cost of these companies totaled €13.1 million. All of these transactions involved 100% of the capital of the acquired companies. The total amount of goodwill on these acquisitions was €12.2 million. In addition, Materis acquired €5.3 million in unconsolidated shares at the end of the period. These investments were recognized as financial assets as of June 30, 2011.

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

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. Saint-Gobain consolidated this business as of June 30, 2011. In the first 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. This company will be consolidated in the second half of 2011. 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.

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

During the first half of 2011, the Legrand group carried out the following acquisitions:

- Electrorack, specialized in Voice-Data-Imaging (VDI) cabinets for data centers in the United States,
- Intervox Systems, leader in remote assistance systems in France,
- Middle Atlantic Products Inc., the leader in audio/video enclosures in North America.

Legrand's investment in these acquired companies (less acquired cash), in non-controlling interests and in unconsolidated companies totaled €156.6 million in the first half of 2011 (€15.0 million in the first half of 2010). In addition, in April, Legrand announced the acquisition of SMS, the leader in the Brazilian uninterruptible power supply market, subject to approval by the regulatory authorities.

1.9 Related parties

Wendel's related parties are:

- Saint-Gobain, Legrand and Helikos, 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.

There were no significant changes during the period in transactions with related parties as detailed in the section entitled "Related parties" in the 2010 consolidated financial statements.

1.10 Risk management

1.10.1 Managing equity market risk

1.10.1.1 Value of investments

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

The value of these investments is based mainly on:

- their 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 and financial, legal, tax and environmental due diligence. 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 reporting 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 uncertainly about economic trends.

The financial structure of LBO investments (Materis, Deutsch and Stahl) 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 "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.

The value of these investments is therefore subject to the risk that their financial performance and prospects for business development and profitability will be undermined by difficulties created by 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.

1.10.1.2 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. As of December 31, 2010 and during the first half of 2011 these puts constituted a financial asset whose value varied inversely with the price of Saint-Gobain shares. Confident in Saint-Gobain's growth prospects, Wendel sold all of the 13.4 million puts it held as of December 31, 2010 during the first half of 2011 (see Note 5-C "Derivatives"). Thus, as of June 30, 2011 all of the Saint-Gobain shares held by Wendel were subject to variations in the share price.

In addition, Wendel issued 6.1 million European puts on Saint-Gobain. As these options were in the money (i.e. exercisable by the buyer) on December 31, 2010, they were recognized as financial liabilities and presented in Note 5-C "Derivatives". The September 2011 expiration date on 2.2 million of these puts has been extended by 12 months (transaction carried out after the June 30, 2011 closing date). The new expiration dates extend from December 2011 to September 2012. 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 expiration dates, enabling it to reduce the liability related to these puts.

1.10.1.3 Financial investments indexed to equity markets

As part of its cash management (see "Managing liquidity risk"), Wendel uses liquid 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.

1.10.1.4 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, such as the discount rate used in calculating "value in use" or the market price used in calculating "fair value";
- The puts issued 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, at June 30, 2011, a +/-5% variation in the price of Saint-Gobain shares (the underlying for these financial instruments) would have had an impact of +/- €13 million on the income statement (see Note 5-C "Derivatives");
- Short-term financial investments indexed to the equity markets, the total value of which was €45 million at June 30, 2011. These investments were classified as current financial assets at fair value through profit or loss. A +/-5% variation in the equity markets would have an impact of about +/- €2 million on the value of these investments and on the income statement;
- Margin calls on Eufor group financing. These depend on the market price of the shares serving as collateral. These margin calls could have an impact on Wendel's available cash and are described under "Managing liquidity risk" pertaining to the Eufor group financing;
- The covenants under Wendel's syndicated credit line. These covenants are based on ratios of financial debt to the value of assets and are described under "Managing liquidity risk". As of June 30, 2011, this credit line was partially drawn down, with €500 million outstanding;
- The degree of financial leverage of Wendel and its holding companies (i.e. net debt/assets), which is a key indicator in the cost of bond financing (and in some cases, bank financing) that Wendel may call on. This indicator is also monitored by Standard & Poor's, which has been mandated by Wendel to rate its financial structure and bond borrowings. See "Managing liquidity risk".

In millions of euros	Gross carrying value, Group share	Accumulated impairment, Group share	Net carrying value (Group share)	Market value (closing share price)	Impact on market value of a 5% decline in share prices	*Balance sheet note*	Impact on net income: change of +/- 5% in share price	Impact on net income: change of -/+0.5% in discount rate applied to the value of discounted future cash flows	Impact on net income: change +/- 0.5% in perpetual growth rate used to calculate discounted future cash flows
Equity-method investments									
Saint-Gobain	4,808.9	0.0	4,808.9	4,010.6	-200.5	***3***	n.a. *(1)*	0 / 0	0 / 0
Legrand	245.5	0.0	245.5	851.6	-42.6	***3***	0.0	n.a. *(4)*	n.a. *(4)*
Consolidated investments									
Bureau Veritas	984.9	n.a. *(3)*	984.9	3,278.5	-163.9	***1***	0.0	n.a. *(4)*	n.a. *(4)*
Materis	-112.0	n.a. *(3)*	-112.0	n.a.	n.a.	***1***			
Materis shareholder loan *(2)*	207.6	0.0	207.6						
			95.6				n.a.	0 / 0 *(5)*	0 / 0 *(5)*
Deutsch	-112.7	n.a. *(3)*	-112.7	n.a.	n.a.	***1***			
Deutsch shareholder loan *(2)*	348.8	0.0	348.8						
			236.1				n.a.	0 / 0 *(5)*	0 / 0 *(5)*
Stahl	3.3	n.a. *(3)*	3.3	n.a.	n.a.	***1***			
Stahl shareholder loan *(2)*	62.8	0.0	62.8						
			66.1				n.a.	0 / 0 *(5)*	0 / 0 *(5)*
Oranje-Nassau Développement – Parcours	108.8	n.a. *(3)*	108.8	n.a.	n.a.	***1***	n.a.	*(6)*	*(6)*
Financial instruments									
Puts issued on Saint-Gobain	-100.2	n.a.	-100.2	-100.2	- 13	***5***	+/-13	n.a.	n.a.
Financial investments									
Short-term financial investments indexed to the equity markets	45.0	n.a.	45.0	45.0	-2.3		+/-2.3	n.a.	n.a.

(1) The impairment test is based on value in use (discounted future cash flows). See Note 3 "Equity-method investments".

(2) Eliminated in consolidation.

(3) Impairment losses on goodwill are irreversible.

(4) The recoverable value used for impairment tests on these investments is the market share price (fair value).

(5) As there was no indication of a loss in value, no impairment test was carried out at June 30, 2011 on Wendel's cash generating units, in accordance with IFRS. The most recent test, performed on December 31, 2010, showed that a variation of 0.5% in the discount rate or a variation of 0.5% in the perpetual growth rate would not have an impact on the carrying value of the related investments at that date.

(6) As the closing date was close to the date at which Wendel took control of the Parcours group, and as there was no indication of a loss in value, no test was performed.

1.10.2 Managing liquidity risk

1.10.2.1 Wendel

Wendel's cash needs arise from investments, debt service, overheads, dividends and margin calls on Eufor financing (see description of these mechanisms below). These needs are covered by asset rotation, bank and bond financing and by dividends received from subsidiaries and associates.

1.10.2.1.1 Managing debt and financial maturities

Financing risk is linked to the availability of bond and bank borrowings, as well as the financial leverage of Wendel and its holding companies (net debt/assets). The latter depends on asset values and is thus subject to equity market risk (see "Managing equity market risk").

To manage this risk, Wendel's 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 the Wendel management deems it necessary to do so.

In 2011, as in 2009 and 2010, Wendel successfully issued a new bond (see Note "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 putting priority on unsecured bonds without financial covenants and de-emphasizing Eufor group bank borrowings (Saint-Gobain investment structure).

Other changes and adjustments were made to bank debt during the first half of 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 "Financial debt").

Wendel can also take the opportunity to sell assets so as to pay off some of its financial debt and reduce financial leverage.

1.10.2.1.2 Cash monitoring

Cash holdings (including short-term financial investments) are displayed on a monthly chart showing the changes during the month and the month-end position. The chart is presented every month 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, a 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.

1.10.2.1.3 Impact of margin calls on available cash

Margin calls on Eufor group financing (Saint-Gobain investment) are triggered by the value of the securities pledged as collateral. Margin call mechanisms are described under "Managing liquidity risk" pertaining to Eufor group financing. The level of available cash therefore depends on the price of Saint-Gobain shares and other securities pledged as collateral under these financing arrangements. During the first half of 2011, one of the bank credit lines subject to margin calls was repaid and another was renegotiated (see "Financial debt"), thereby reducing the impact of margin calls on the level of available cash.

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.

1.10.2.1.4 Cash investment vehicles

Cash investment vehicles consist primarily of short-term bank deposits and low-volatility, money-market mutual funds ("Cash and cash equivalents"), as well as short-term bonds, funds managed by financial institutions, and equity and diversified funds (classified in "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 allocating cash to 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. The breakdown of cash and short-term financial investments is presented in the paragraph on Wendel under "Liquidity situation".

1.10.2.2 Operating subsidiaries

Financial debt of subsidiaries and associates is without recourse to Wendel.

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.

1.10.3 Liquidity – bank covenants

1.10.3.1 Wendel and its holding companies

1.10.3.1.1 Liquidity of Wendel and its holding companies

At June 30, 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**
Mutual funds (1)	664	20	684
Bank accounts and bank certificates of deposit (1)	22	126	147
Diversified, equity and bond funds (2)	74		74
Financial institution funds (2)	262		262
Total	**1,021**	**146(3)**	**1,167**

(1) Classified under cash and cash equivalents

(2) Classified under current financial assets

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

Wendel also has a €1.2 billion undrawn, syndicated revolving line of credit with maturities in September 2013 (€950 million) and September 2014 (€250 million). Of this amount, €500 million was drawn down in June 2011, leaving an available balance of €700 million, subject to compliance with covenants (see section related to Wendel's syndicated credit covenants). The Eufor group (Saint-Gobain investment financing) also has available lines of credit. These are described in the paragraph related to the Eufor group.

1.10.3.1.2 Debt with recourse to Wendel

As of June 30, 2011, gross debt with recourse to Wendel was composed of:

- €2,800 million in Wendel bonds with maturities ranging from 2014 to 2018 (see details in the note entitled "Financial debt"); and
- €500 million drawn down under the syndicated credit line, including €250 million available until September 2013 and €250 million available until September 2014.

In accordance with Wendel's long-term investment strategy, the average maturity of this debt as of June 30, 2011 was 4.6 years; if the Eufor group's non-recourse bank debt is included, average maturity was 4.3 years (after taking into account the agreement signed in July 2011 and extending the maturity of one of Eufor's bank loans; see note entitled "Financial debt").

Standard and Poor's has attributed a long-term rating of BB- to Wendel. On July 29, 2011, S&P raised its rating outlook from "stable" to "positive". The short-term rating is B.

1.10.3.1.3 Impact of non-recourse debt on Wendel's liquidity

The debt of the operating subsidiaries and the Eufor group (Saint-Gobain investment financing) are without recourse to Wendel, meaning that the liquidity risk of these subsidiaries affects Wendel only if Wendel decides to accept it:

- Operating subsidiaries: Wendel has no legal obligation to support its operating subsidiaries and associates that might experience cash flow difficulties, nor do the operating subsidiaries have any 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;
- Eufor group (Saint-Gobain investment): Wendel responds to the margin calls on the financing for this group, which therefore have a direct impact on Wendel's liquidity. However, 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 (margin call mechanisms and collateral granted as of June 30, 2011 are described under "Liquidity of Eufor group").

1.10.3.1.4 Wendel's liquidity outlook

Wendel's liquidity risk for the 12 months following the June 30, 2011 closing remains low, owing to Wendel's available cash and short-term financial investments (€1,021 million as of June 30, 2011). For the 12 months following the date the financial statements were approved, 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. This outlook has not been jeopardized by the drop in the financial markets during the summer of 2011.

1.10.3.1.5 Bonds issued by Wendel – documentation

These bonds are not subject to financial covenants, but carry 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.).

1.10.3.1.6 Wendel's syndicated credit – Documentation and covenants

Wendel has a €1,200 million syndicated revolving credit line, with a maturities in September 2013 (€950 million) and September 2014 (€250 million). As of 30 June 2011, €500 million was drawn down under this line. The 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. As such, the covenants are sensitive to changes in the equity markets.

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.

Net debt of the Saint-Gobain, Bureau Veritas, Legrand, Materis, Deutsch, Stahl and Parcours groups, as well as the non-recourse debt related to the acquisition of Saint-Gobain shares, are deducted from gross revalued assets.

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) the unsecured gross debt of Wendel and its financial holding companies plus their off-balance-sheet commitments that are akin to unsecured debt, less their available cash (not pledged or in escrow),

  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),

  shall not exceed 1.

These ratios are tested half-yearly when there are drawdowns under the syndicated credit line. At June 30, 2011, the test showed that Wendel was in compliance with all covenants. As of the date the statements were approved, after taking the sharp drop in the financial markets into account in the calculation, Wendel remained in compliance. If a sharp drop in the equities 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 (Saint-Gobain's investment vehicle) can use its undrawn lines of credit to refinance the available Saint-Gobain shares (see paragraph entitled "Financing of the Saint-Gobain investment (Eufor group) – Available lines of credit").

This would make cash available to Wendel.

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.).

1.10.3.2 Financing of the Saint-Gobain investment (Eufor group)

1.10.3.2.1 Debt and collateral

As of June 30, 2011, Eufor's bank debt totaled €1,625 million (€1,685 million as of the date the statements were approved; see note entitled "Subsequent events"). They 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.
As indicated above, 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.

At June 30, 2011, collateral was comprised of €1,420 million in financed Saint-Gobain shares (31.8 million shares at the closing share price), €146 million in cash, and €935 million in listed shares (Bureau Veritas and Legrand at their closing prices). As of the same date, Wendel had €1,021 million in available cash and short-term financial investments and €3,195 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 during the summer of 2011. The volume of bank debt subject to margin calls is around 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.

The average maturity of this financing was 3.7 years after taking into account the agreement signed in July 2011, which extended the maturity of one of Eufor's bank credits (see details in the note entitled "Financial debt").

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

1.10.3.2.2 Available lines of credit

At the end of the first half of 2011, the Eufor group had two undrawn lines of credit totaling €750 million (after taking into account the agreement signed in July 2011 extending the maturity of one of these lines; see Note 8 "Financial debt"). 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 linked to a financing arrangement. Maturities are 2013 (€100 million), 2014 (€200 million), 2016 (€225 million) and 2017 (€225 million).

€60 million was drawn down in August 2011 under the 2013-14 line to finance the acquisition of Saint-Gobain shares (see note on "Subsequent events"). Following this drawdown, undrawn available lines totaled €690 million.

1.10.3.3 Bureau Veritas financial debt

This debt is without recourse to Wendel.

At June 30, 2011, the gross face value of Bureau Veritas' financial debt was €1,329 million (including accrued interest and excluding issuing costs; see details on maturity dates in Note 8 "Financial debt"). Its cash balance totaled €168 million. At June 30, 2011, Bureau Veritas also had the following undrawn lines of credit:

- €40 million available under the loan maturing in 2013;
- €150 million available from the French private placement maturing in June 2015.

The bank loans and French and US private placement agreements 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 agreements maturing in 2018-2019-2020).

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

Moreover these financing agreements contain standard clauses that restrict Bureau Veritas' ability to grant security, contract or grant loans, pledge collateral, undertake acquisitions, divestments, mergers or restructuring, and to make certain types of investments. They also call for total or partial accelerated maturity should certain events take place and include change-of-control clauses. The US private placement agreements contain a make-whole clause that is exercisable in the event of default. In addition to repaying principal and accrued interest, Bureau Veritas might be required to indemnify these lenders based on a comparison between interest due at the fixed rate over the remaining years 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.

1.10.3.4 Materis bank debt

This debt is without recourse to Wendel.

At June 30, 2011, the gross face value of Materis' bank debt was €1,952 million (including accrued interest, and excluding issuance costs and shareholder loans; see details on maturity dates in Note 8 "Financial debt"). Its cash balance was €80 million.

The Materis group is subject to the following covenants:

- LTM (last-12-month) EBITDA divided by net cash interest expense, had to be greater than 1.68 as of June 30, 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 shareholder loans) to LTM EBITDA had to be below 9.90 as of June 30, 2011. This ceiling falls to 4.92 at December 31, 2016;
- the ratio of cash flow after capex and dividends, plus up to €35 million in available cash, to total debt service, i.e. cash interest payable plus scheduled principal repayment, must be greater than 1. This ratio is calculated on a rolling 12-month basis.

These covenants are tested quarterly and Materis was in compliance with them as of June 30, 2011.

In addition, annual capex must not exceed 4.5% of consolidated sales between 2011 and 2016 (plus 4.5% of the net sales of any companies acquired in the interim and any postponed capex)

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.

1.10.3.5 Deutsch bank debt

This debt is without recourse to Wendel.

At June 30, 2011, the gross face value of Deutsch's bank debt was €453 million (including accrued interest, and excluding issuance costs and shareholder loans; see details on maturity dates in Note 8 "Financial debt"). Its cash balance was €78 million.

The Deutsch group is subject to the following covenants:
- the ratio of consolidated net debt (excluding shareholder loans and mezzanine debt) and LTM EBITDA had to be less than or equal to 7.05 at June 30, 2011 (this ceiling falls to 3.5 at December 31, 2015);
- the sum of cash and undrawn revolving credit lines must be greater than $35 million. If necessary, this covenant may be complied with after the fact through a cash injection from the shareholders. In addition, Deutsch may replace it with the following covenant: the ratio of (i) cash flow after capex and dividends to (ii) debt service (interest plus principal repayment) must be greater than or equal to 1 (calculated on a rolling 12-month basis). This change may be made only once, after which it becomes definitive;
- the ratio of LTM EBITDA to net interest expense had to be greater than or equal to 1.8 at June 30, 2011. This minimum rises to 2.95 at December 31, 2015. This ratio is calculated on a rolling 12-month basis.

These covenants are tested quarterly and Deutsch was in compliance with them as of June 30, 2011.

In addition, capex must not exceed $29.95 million in 2011 (supplemented by any capex carried forward, this limit is to rise to $50.30 million in 2016).

The credit agreements entered into by Deutsch 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, loan guarantees or capital increases between group entities, payment of dividends, share buybacks, or changes in ownership structure, are prohibited, restricted or require the prior approval of the lending banks.

1.10.3.6 Stahl bank debt

This debt is without recourse to Wendel.

At June 30, 2011, the gross face value of Stahl's bank debt was €191.3 million (including accrued interest, and excluding issuance costs and shareholder loans; see details on maturity dates under Note 8 "Financial debt"). Its cash balance was €8.4 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 6.70 (this ceiling falls to 5.00 on September 30, 2014). This ratio will be tested quarterly;
- the ratio of LTM EBITDA to net interest expense paid had to be greater than or equal to 2.60 at June 30, 2011. This minimum rises to 3.05 on September 30, 2014. This ratio is calculated on a rolling 12-month basis and will be 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 will be tested every six months;

As of June 30, 2011, Stahl was in compliance with these covenants.

In addition, capex must not exceed €11 million (this ceiling will rise to €14 million in 2014). This ratio will be tested annually.

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, guarantees given, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted or require prior approval of the lending banks.

1.10.3.7 Parcours bank debt

This debt is without recourse to Wendel.

At June 30, 2011, the gross face value of Parcours' bank debt was €376 million, and its cash balance was €27 million. Bank debt consists 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 limit with each of its banking partners, up to which it can draw down to finance vehicles purchased under new leasing 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 or by the lease payments. In addition, part of the debt is subject to annually-tested financial covenants (net financial debt/shareholders' equity, financial debt/EBITDA, financial debt/cash flow, financial debt/PP&E and/or net interest expense/EBITDA). The most recent tests confirmed that Parcours was in compliance.

1.10.4 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 Wendel Group's interest-rate exposure was limited.

in billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	3.3		6.9
Cash and 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 financial investments not sensitive to interest rates.

The notional value of derivatives is weighted by the duration for which they hedge interest-rate risk over the 12 months of fiscal year 2011.

As of June 30, 2011, the Wendel Group's interest-rate exposure remained limited.

in billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	3.2		6.1
Cash and financial investments *	-0.3		-1.2
Impact of derivatives	2.3	1.7	-4.0
Interest-rate exposure	**5.3**	**1.7**	**0.9**
	67%	22%	11%

* excluding €0.1 billion in financial investments not sensitive to interest rates.

The notional amount of derivative instruments is weighted by the portion of the 12 months following June 30, 2011 during which they will hedge interest-rate risk.

Derivatives serving as interest-rate hedges are described in Note 5.

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 an additional net finance cost of €22 million to a net reduction of €17 million before tax over the 12 months after June 30, 2011, based on net financial debt at June 30, 2011, interest rates on that date and the maturities of interest-rate hedging derivatives.

1.10.5 Managing credit risk

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

The cash and financial investments of Wendel and its holding companies are placed essentially with top-ranking financial institutions. For financial investments in short-term bonds, financial institution funds or equity/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 June 30, 2011 (see section on the liquidity of Wendel and its holding companies), significant amounts could be placed with the same financial institution.

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

1.10.6 Managing currency risk

Companies controlled by Wendel operate in a number of countries and, as a result, derive a share of their earnings in currencies other than the euro. The currency risk situation has not changed significantly since December 31, 2010 (see section on currency risks in the 2010 consolidated financial statements).

1.11 Notes to the balance sheet

NOTE 1. GOODWILL

In millions of euros	6/30/2011		
	Gross amount	Impairment	Net amount
Bureau Veritas	475.3		475.3
Deutsch	358.3	76.6	281.7
Materis	899.5	258.3	641.2
Stahl	24.1	-	24.1
Parcours	35.9	-	35.9
Subsidiaries of Bureau Veritas	1,318.2	16.4	1,301.8
Subsidiaries of Deutsch	7.2	-	7.2
Subsidiaries of Materis	155.8	-	155.8
Total	**3,274.3**	**351.3**	**2,923.0**

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**

In millions of euros	H1 2011	H1 2010
Net at beginning of period	2,961.8	2,458.4
Business combinations (1)	79.2	43.4
Impact of changes in currency translation adjustments and other	-80.7	132.4
Impairment for the period (2)	-37.3	-7.0
Net at end of period	**2,923.0**	**2,627.2**

(1) This item includes the acquisition of Parcours by Oranje-Nassau Développement for €35.9 million (see "Changes in scope of consolidation");

(2) Materis recognized impairment of €37.3 million on its CGUs during the first half of 2011.

Goodwill impairment tests

As of June 30, 2011, no indication of impairment in value had been identified on the cash generating units (CGUs) recognized at the Wendel level: Bureau Veritas, Materis, Deutsch, Stahl and Parcours. The principal indicators are adherence to the budget and business plan and, where applicable, the listed share price compared with the carrying value of the CGUs.

As a result, no impairment tests were carried out on the CGUs at the June 30, 2011 closing. In accordance with accounting standards, the mandatory annual test will be performed at December 31, 2011.

At the same time, each subsidiary analyzed its own CGUs (not recognized as such in Wendel's books). In this context, Materis recognized a loss of €37.3 million on certain of its CGUs. In accordance with the accounting principles detailed in the 2010 consolidated financial statements, this loss has been maintained in Wendel's consolidated financial statements.

NOTE 2. PROPERTY, PLANT & EQUIPMENT

The change in property, plant & equipment during the first half of 2011 derives principally from the acquisition of the Parcours group. Parcours' fleet of leased vehicles is booked under property, plant & equipment. Second-hand vehicles returned by customers at contract termination are recognized under "Inventories".

NOTE 3. EQUITY-METHOD INVESTMENTS

In millions of euros	6/30/2011	12/31/2010
Saint-Gobain	4,808.9	4,883.2
Legrand	245.5	429.8
Helikos	13.5	15.2
Investments of Bureau Veritas	0.5	0.5
Investments of Materis	3.2	3.3
Investments of Stahl	1.9	2.2
Total	**5,073.5**	**5,334.1**

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

In millions of euros	**H1 2011**
Amount at beginning of year	5,334.1
Share in net income for the period	
Saint-Gobain	90.8
Legrand	36.5
Helikos	-1.7
Other	0.2
Dividends paid	-129.1
Impact of changes in currency translation adjustments	-71.1
Sale of Legrand shares (1)	-186.5
Other	0.3
Amount at June 30, 2011	**5,073.5**

(1) See "Changes in scope of consolidation".

Additional information on Saint-Gobain:

In millions of euros	**6/30/2011**	**12/31/2010**
Carrying values at 100%		
Total assets (Saint-Gobain)	43,983	43,997
Impact of the revaluation of acquired assets and liabilities	4,760	4,996
Residual goodwill (excl. goodwill in Saint-Gobain's balance sheet)	5,720	5,720
Non-controlling interests	378	364
Total liabilities	25,839	25,765
	H1 2011	**H1 2010**
Net sales (1)	20,875	19,529
Operating income	1,720	1,445
Business income	1,456	1,201
Recurring net income, group share	902	580
Net income, group share	768	501
Impact of the revaluation of acquired assets and liabilities	-236	-236

(1) Growth of 6.9% in H1 2011, including organic growth of 6.7%.

Additional information on Legrand:

In millions of euros	6/30/2011	12/31/2010
Carrying values at 100%		
Total assets (Legrand)	6,542.4	6,064.7
Goodwill adjustment (Wendel)	-522.8	-525.5
Non-controlling interests	3.3	5.4
Total liabilities	3,815.8	3,328.7
	H1 2011	**H1 2010**
Net sales (1)	2,107.8	1,910.1
Adjusted operating income(2)	442.7	406.4
Operating income	425.5	386.8
Net income, group share	266.4	192.6

(1) Growth of 10.4% in H1 2011, including organic growth of 7.9%.
(2) Operating income restated for accounting items linked to the acquisition of Legrand France in 2002.

Additional information on Helikos:

See note entitled "Subsequent events".

Impairment tests on equity-method investments

No indication of impairment was identified on Legrand, as its book value (€8.4 per share) was far below its fair value (share price at the balance sheet date: €29.05). As a result, no impairment was recognized.

An impairment test was carried out on the Saint-Gobain shares, as their carrying amount in the consolidated accounts, calculated according to the equity method, was higher than their market value. The test was 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 the first half of 2011. The uncertain global economic outlook has complicated forecasting and the actual amounts could ultimately be different from the projections resulting from this test. If so, the investment's value in use may also be different from that determined on the basis of the assumptions and estimates applied as of the June 30, 2011 closing.

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 (€44.66 per share, or €4,011 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 assumptions used in calculating value in use were 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 (including 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. Lastly, 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 value in use calculated as of June 30, 2011 was higher than €60 per share. The carrying value of €53.54 per share (€4,808.9 million for the 89.8 million shares accounted for under the equity method) is therefore lower than the recoverable value. 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 (i.e. €53.54 per share), the discount rate would have to be increased to 8.6% or the long-term growth rate reduced to 1.2%. Finally, the model as a whole is also sensitive to the assumptions of the five-year business plan.

NOTE 4. CASH AND CASH EQUIVALENTS

In millions of euros	6/30/2011 Net amount	12/31/2010 Net amount
Pledged cash and cash equivalents of Wendel and its holding companies, classified as non-current financial assets (1)	145.9	609.2
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current financial assets	685.5	736.7
Cash and cash equivalents of Wendel and its holding companies (2)	**831.4**	**1,345.9**
Bureau Veritas	168.2	225.0
Deutsch	78.5	57.0
Materis	79.9	67.2
Stahl	8.4	20.9
Parcours	26.9	-
Cash and cash equivalents of subsidiaries classified as current financial assets	**361.9**	**370.0**
Total	**1,193.4**	**1,715.9**

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

(2) In addition to this cash, Wendel had €336 million in short-term financial investments at June 30, 2011 and €417 million at December 31, 2010 (see "Liquidity of Wendel").

NOTE 5. FINANCIAL ASSETS AND LIABILITIES (EXCLUDING FINANCIAL DEBT AND OPERATING RECEIVABLES AND PAYABLES)

Financial assets:

In millions of euros	Method of recognition	Level	6/30/2011	12/31/2010
Pledged cash and cash equivalents of Wendel and its holding companies - A	Income statement (1)	1	145.9	609.2
Unpledged cash and cash equivalents of Wendel and its holding companies	Income statement (1)	1	685.5	736.7
Wendel's short-term financial investments	Income statement (1)	2	335.5	354.3
Assets held until maturity	Amortized cost	1		62.7
Cash and short-term financial investments of Wendel and its holding companies			**1,167.0**	**1,762.9**
Cash and cash equivalents of subsidiaries	Income statement (1)	1	361.9	370.0
Assets available for sale	Shareholders' equity (2)	3	11.7	8.0
Financial assets at fair value through profit or loss	Income statement (1)	1	18.2	2.3
Loans - B	Amortized cost	n.a.	15.9	16.3
Deposits and guarantees	Amortized cost	n.a.	33.7	30.8
Derivatives - C	Income statement (1) / Sh. equity (2)	See C	27.2	266.1
Other			29.2	29.5
Total			**1,664.8**	**2,485.8**
of which non-current financial assets			***257.8***	***861.6***
of which current financial assets			***1,407.0***	***1,624.2***

Financial liabilities:

In millions of euros	Method of recognition	Level	6/30/2011	12/31/2010
Derivatives - C	Income statement (1) / Sh. equity (2)	See C	155.4	253.8
Other	n.a.	n.a.	57.9	24.2
Total			**213.3**	**278.0**
of which non-current financial liabilities			***69.6***	***139.6***
of which current financial liabilities			***143.8***	***138.5***

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

The presentation of financial assets and liabilities reflects the hierarchy of methods used to determine the fair value of financial instruments, in accordance with the March 2009 amendment to IFRS 7. 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.

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 4 "Cash and cash equivalents").

B - Loans corresponded to €14.8 million in loans to VGG, which is held by Oranje-Nassau Développement.

C - Derivatives:

In millions of euros		**6/30/2011**		**12/31/2010**	
	Level	**Assets**	**Liabilities and shareholders' equity**	**Assets**	**Liabilities and shareholders' equity**
Puts on Saint-Gobain (1)	2		100.2	227.2	143.9
Commodity derivatives - hedging of cash flows	2	0.0	0.2		0.0
Interest rate swaps - hedging of cash flows (2)	2	20.2	44.0	30.5	84.9
Interest rate swaps - not qualifying for hedge accounting (2)	2	4.6	10.6	6.6	23.5
Other derivatives - not qualifying for hedge accounting	2	2.3	0.5	1.8	1.5
Total		**27.2**	**155.4**	**266.1**	**253.8**
of which:					
Non-current portion		26.3	39.7	172.7	126.9
Current portion		0.9	115.7	93.4	126.9

(1) Protection is described in the note below.
(2) Swaps are described in the note below.

Put options on Saint-Gobain shares

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. As of December 31, 2010 and during the first half of 2011 these puts constituted a financial asset whose value varied inversely with the price of Saint-Gobain shares. Confident in Saint-Gobain's growth prospects, Wendel sold all of the 13.4 million puts it held as of December 31, 2010 during the first 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 first 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 purchased puts between the time they were purchased and the time they were sold in 2009, 2010 and 2011 was €291 million.

Puts issued

Wendel issued 6.1 million puts on Saint-Gobain, whose value at the end of June 2011 was a liability of €100.2 million, vs. €143.9 million at the opening date. The change in the value of these puts during the first half of 2011 caused Wendel to recognize a gain of €43.7 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, liquidity of the underlyings and transaction size. A change of +/-5% in Saint-Gobain's share price would have led to a change in the carrying value as of June 30, 2011 of approximately +/- €13 million, recognized on the income statement.

The September 2011 expiration date on 2.2 million of these puts has been extended by 12 months (transaction carried out after the June 30, 2011 closing date). The new expiration dates extend from December 2011 to September 2012. 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 expiration dates, enabling it to reduce the liability related to these puts.

Interest rates swaps:

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)	6/30/2011	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
€100M	Pay 3.98% against 4.21%		pre-closing	05-2016	1.2	1.2
€300M	Pay 12-month Euribor +0.93% between 1.70% and 2.60%, 3.40% if < 1.70% and 3.53% if > 2.60%. Against 3.49%		pre-closing	08-2017	0.8	1.1
					2.0	2.7
Hedging of Eufor's and Wendel's bank debt (2)						
€1,500M	Pay 3.58% against Euribor	Hedge	pre-closing	11-2012	-20.6	
€1,400M	Pay 3.00% against Euribor		pre-closing	11-2012	-2.3	
					-22.8	-66.6
Hedging of subsidiaries' debt						
€50M	Pay 3.47% against Euribor		pre-closing	06-2013	-1.4	
€70M	Pay 4.64% against Euribor	Hedge	pre-closing	04-2013	-3.5	
€50M	4.49%-4.98% interest rate collar on Euribor	Hedge	pre-closing	06-2012	-1.3	
€166M	2.09%-3.01% interest rate collar on Euribor		pre-closing	01-2013	-0.9	
€200M	1.13%-2.70% interest rate collar on Euribor		pre-closing	01-2013	0.1	
€50M	2.15%-2.90% interest rate collar on Euribor		pre-closing	12-2012	-0.3	
€200M	3.30% cap on Euribor		pre-closing	04-2013	0.2	
€400M	2.79% cap on Euribor		pre-closing	05-2013	0.8	
€200M	2.63% cap on Euribor		07-2011	07-2013	0.7	
€100M	2.48% cap on Euribor		10-2011	10-2013	0.5	
€250M	Pay 2.53% against Euribor	Hedge	pre-closing	01-2012	-1.3	
€50M	Pay 1.51% against Euribor	Hedge	pre-closing	01-2013	0.2	
€100M	Pay 2.17% against Euribor	Hedge	10-2011	04-2013	-	
$120M	Pay 5.50% against Libor		pre-closing	07-2011	-0.2	
$250M	3.00% cap on USD Libor		12-2011	12-2012	-	
$150M	3.00% cap on USD Libor		12-2012	12-2013	0.2	
€15M	3.50% cap on Euribor		03-2012	12-2014	0.1	
€12.6M	Pay 4.45% against Euribor		pre-closing	03-2012	-0.3	
$95M	Pay 2.73% against Libor		pre-closing	12-2014	-3.2	
Other derivatives					-0.8	
					-10.2	-25.1
	Cross currency swaps (3)	Hedge			1.3	17.8
Total					**-29.8**	**-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 June 30, 2011 was -€22.8 million, vs. -€66.6 million at end-2010. In the first half of 2011 Wendel posted an increase in the value of swaps qualified as hedges and recognized in shareholders' equity of €25.5 million. During the period Wendel posted an increase in the value of non-qualified instruments and partially-effective hedges recognized in the income statement of €18.3 million. Finally, following the repayment of bank debt during the period, certain swaps were dequalified. €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 by €1.7 million.

(3) Bureau Veritas: a currency hedge was set up on USPP debt (see Note 11 "'Financial debt") denominated in US dollars and pounds sterling, as well as on part of the US dollar-denominated amortizable tranche of bank debt, so as to convert the debt into euros. Any change in the value of these instruments is recognized in shareholders' equity and passed through the income statement over the life of the loans.

NOTE 6. SHAREHOLDERS' EQUITY

Number of shares outstanding

	Par value	Total number of shares	Treasury shares
At 12/31/2010	€4	50,501,779	1,078,387
At 6/30/2011	€4	50,558,975	1,941,693

Treasury shares:

30,000 shares were held under the liquidity contract as of June 30, 2011, (unit cost: €79.54 per share), down from 70,000 shares as of end-2010.

As of December 31, 2010, 978,387 shares were held to cover stock options granted as of that date.

As of June 30, 2011, Wendel held 1,911,693 of its own shares outside the context of the liquidity contract. These treasury shares are allocated to covering stock option exercises, bonus shares and performance shares.

In total, shares held in treasury represented 3.84% of the share capital at June 30, 2011.

Principal items in the statement of comprehensive income:

	Assets available for sale	*Qualified hedges*	*Deferred taxes*	**Total, Group share**	*Non-controlling interests*	**Total shareholders' equity**
at 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 in the income statement	*-5.5*	*51.7*	*0.1*	**46.2**	*-0.2*	**46.1**
. Other	*0.0*	*-11.6*	-	**-11.6**		**-11.6**
at 12/31/2010	*4.4*	*-50.7*	*-0.6*	**-46.9**	*35.2*	**-11.7**
. Changes in fair value during the year	*0.8*	*36.6*	*-4.9*	**32.5**	*3.1*	**35.6**
. Amount recognized in the income statement (1)	*-1.7*	*16.5*	*0.0*	**14.9**	-	**14.9**
. Other	-	*-32.2*	-	**-32.2**	-	**-32.2**
at 6/30/2011	*3.5*	*-29.8*	*-5.5*	**-31.8**	*38.3*	**6.5**

(1) Qualified hedges - amount recognized in the income statement: Eufor's interest-rate swap (see Note 5-C "Derivatives").

NOTE 7. PROVISIONS

Provisions:

In millions of euros	*6/30/2011*	*12/31/2010*
Provisions for liabilities and charges	138.1	155.0
Employee benefits	165.7	164.6
Total	***303.7***	***319.6***
Of which non-current	***295.1***	***312.1***
Of which current	***8.6***	***7.5***

Provisions for liabilities and charges:

In millions of euros	*6/30/2011*	*12/31/2010*
Bureau Veritas (1)	84.8	101.1
Deutsch	3.6	4.7
Materis	15.8	17.4
Stahl	1.8	2.2
Oranje-Nassau Développement - Parcours	1.0	
Wendel and holding companies (2)	31.1	29.6
Total	***138.1***	***155.0***
Of which non-current	***129.5***	***147.5***
Of which current	***8.6***	***7.5***

(1) In the ordinary course of business, Bureau Veritas is party to various disputes and legal actions that aim to invoke its professional liability as service providers. While Bureau Veritas pays the greatest attention to risk control and the quality of its services, some of those services may give rise to claims and litigation cases that it may lose. Provisions have been set aside on the expenses that may result from such litigation. The amount set aside for provisions is the best estimation of the amount necessary for extinguishing the debt, updated at the closing date. The costs that Bureau Veritas may be required to pay may exceed the amount of the provision for litigation due to a number of factors, in particular the uncertain outcome of litigations.
Provisions for liabilities and charges on the June 30, 2011 balance sheet included the following main claims:
- Terminal 2E of Paris-Roissy CDG airport;
- A claim relating to the construction of a hotel and retail complex in Turkey;
- A claim pertaining to the accident of a Gabon Express plane.

(2) These provisions cover litigation and a polluted land clean-up risk.
The Odile Jacob publishing house has initiated litigation against the company in the Commercial Court, seeking to cancel Wendel's acquisition and subsequent resale of the Editis group. No provision has been set aside for this litigation.

Employee benefits

In millions of euros	**6/30/2011**	**12/31/2010**
Bureau Veritas	103.4	102.7
Deutsch	14.4	14.2
Materis	32.5	31.2
Stahl	12.8	14.2
Oranje-Nassau Développement - Parcours	0.3	-
Wendel and holding companies	2.3	2.2
Total	**165.7**	**164.6**
Of which non-current	*165.7*	*164.6*
Of which current	-	-

NOTE 8. FINANCIAL DEBT

In millions of euros	Currency	Coupon rate	Effective interest rate (2)	Maturity	Repayment	Overall amount	6/30/2011 Amounts used	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		400.0	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		400.0	400.0
2016 bonds - tranche 2	EUR	4.875%	6.142%	05-2016	at maturity		300.0	300.0
2017 bonds	EUR	4.375%	5.730%	08-2017	at maturity		300.0	300.0
2017 bonds - tranche 2	EUR	4.375%	4.460%	08-2017	at maturity		400.0	400.0
2018 bonds	EUR	6.750%	6.949%	04-2018	at maturity		300.0	
Syndicated credit line	EUR	Euribor+margin		09-2013	revolving credit	€950M	250.0	
	EUR	Euribor+margin		09-2014	revolving credit	€250M	250.0	
Amortized cost of obligations							-84.3	-89.3
Accrued interest	EUR						64.6	40.0
							3,280.3	**2,785.5**
Eufor (Saint-Gobain investment financing structure)								
Bank borrowings	EUR	Euribor+margin		07-2013, 03-2014, 12-2014	amortizing revolving credit		800.0	800.0
Bank borrowings	EUR	Euribor		12-2011, 03-2012	amortizing			729.1
Bank borrowings (1)	EUR	Euribor+margin		01-2016, 01-2017	amortizing		425.0	455.0
Bank borrowings (1)	EUR	Euribor+margin		06-2015	at maturity		400.0	800.0
Bank borrowings (1)	EUR	Euribor+margin		04-2013/2014/2015	amortizing			630.6
Bank borrowings	EUR	Euribor+margin		11-2013, 05-2014, 11-2014	amortizing revolving credit	€300M		
Bank borrowings (1)	EUR	Euribor+margin		06-2016, 06-2017	amortizing	€450M		
Accrued interest							17.1	25.4
							1,642.1	**3440.1**
Holding companies								
Non-controlling shareholder loans							12.7	10.7
							12.7	**10.7**
Bureau Veritas								
Bank borrowings	USD	Libor +margin		05-2013	amortizing		113.5	153.4
Bank borrowings	EUR	Euribor+margin		05-2013	amortizing		6.7	8.4
Bank borrowings	EUR	Euribor+margin		05-2012, 05-2013	revolving credit		285.0	150.0
Bank borrowings	GBP	Libor +margin		05-2012, 05-2013	revolving credit	€550M	18.8 .	52.3
Bank borrowings	USD	Libor +margin		05-2012, 05-2013	revolving credit		205.9	222.7
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		184.0	199.1
US Private placement	GBP	Fixed		07-2018, 07-2020	amortizing		69.8	73.2
Deferred issuance costs							-3.2	-3.8
Other borrowings							60.8	55.2
							1,325.5	**1,294.6**
Deutsch								
Bank borrowings (mezzanine)	EUR	Euribor+margin		06-2018	at maturity		35.5	33.5
Bank borrowings (mezzanine)	USD	Libor +margin		06-2018	at maturity		14.9	16.2
Bank borrowings (second lien)	USD	Libor +margin		12-2015	at maturity		36.3	38.9
Bank borrowings (revolving credit)	USD	Euribor+margin		06-2013	revolving credit	$40M		; -
Bank borrowings (revolving credit)	EUR	Libor +margin		06-2013	revolving credit			L -
Bank borrowings (senior)	EUR	Euribor+margin		12-2013, 06-2014	at maturity		31.4	31.4
Bank borrowings (senior)	USD	Libor +margin		12-2013, 06-2014	at maturity		112.4	121.5
Bank borrowings (senior)	GBP	Libor +margin		12-2013, 06-2014	at maturity		21.7	23.0
Bank borrowings (senior)	EUR	Euribor+margin		12-2014, 06-2015	at maturity		34.7	34.7
Bank borrowings (senior)	USD	Libor +margin		12-2014, 06-2015	at maturity		131.2	141.9
Bank borrowings (acquisition)	USD / GBP	Libor +margin		06-2013	amortizing		27.6	37.5
Deferred issuance costs							-5.5	-6.8
Shareholder loans							33.9	32.9
Other borrowings and accrued interest							7.0	5.9
							481.0	**510.8**
Materis								
Bank borrowings (mezzanine)	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		168.0	169.2
Bank borrowings (senior)	EUR	Euribor+margin		04-2014	at maturity		387.7	387.7
Bank borrowings (senior)	EUR	Euribor+margin		04-2015	at maturity		421.1	421.1
Bank borrowings	EUR	Euribor+margin		04-2013	at maturity	€145M	125.0	108.4
Bank borrowings (revolving credit)	EUR	Euribor+margin		04-2013	revolving credit	€125M	79.5	49.0
Bank borrowings (acquisition)	EUR	Euribor+margin		04-2013	at maturity	€150M	124.4	127.7
Bank borrowings (acquisition 2)	EUR	Euribor+margin		04-2014, 04-2015	amortizing	€100M	44.5	25.3

Deferred issuance costs						-29.1	-33.6
Shareholder loans						47.1	44.2
Other borrowings and accrued interest						81.4	99.7
						1,969.8	**1,880.6**
Stahl							
Bank borrowings (second lien)	USD	Fixed	12-2017	at maturity		46.9	48.1
Bank borrowings (senior)	USD	Libor +margin	12-2014	amortizing		94.6	103.1
Bank borrowings (senior)	EUR	Euribor+margin	12-2014	amortizing		43.4	44.3
Bank borrowings (revolving credit)	USD	Libor +margin	11-2014	revolving credit	$36M	4.2	4.5
Deferred issuance costs							-1.8
Shareholder loans						4.1	4.0
Other borrowings and accrued interest						2.2	2.0
						195.4	**204.1**
Parcours							
Bank borrowings	EUR					374.9	
Other borrowings and accrued interest	EUR					0.8	
						375.7	
						9,282.4	**10,126.5**

(1) To enable repayment of the funds, these facilities were extended by the banks as combined financial instruments that are contractually and indissociably linked. The combination of these instruments is equivalent to a traditional bank loan.

(2) Effective interest is calculated by including issue premiums/discounts and bank issuance fees.

Principal changes in the first half of 2011

Wendel

The par value of the 2011 bond was €334.8 million at December 31, 2010 and 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 total financial cost of this issue was 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 anticipated repayment of €630.6 million of Eufor's debt (see below). This transaction reduced the amount of debt subject to margin calls. It will also reduce the financial liabilities of Wendel and its holding companies insofar as the margin on the syndicated credit is significantly lower than that of the €630.6 million loan.

Eufor (Saint-Gobain investment financing structure)

Eufor's bank debt was significantly reduced in the first half of 2011, from a nominal amount of €3,415 million to €1,625 million:

- 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 put options were sold in the first half of 2011 (see note on "Derivatives"), Wendel repaid the outstanding total of €729.1 million of debt not subject to margin calls (maturity December 2011-March 2012). 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 credit subject to margin calls and maturing in 2015. As of June 30, 2011, this debt therefore totaled €400 million.
  The 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 early in June 2011. This repayment was financed in large part by drawing down 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 the debt down to €425 million as of June 30, 2011. Furthermore, in July 2011, an amendment to the credit agreement 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. It also reduced the outstanding undrawn credit line from €600 million to €450 million as the obligation to collateralize €150 million in cash for an initial guarantee was eliminated.

Finally, the available line of credit maturing in 2013-2014 (€300 million undrawn as of June 30, 2011) was drawn down by €60 million in August 2011 to finance the purchase of Saint-Gobain shares. See note on "Subsequent events".

Parcours

Parcours' debt has been consolidated since Wendel took control of the subsidiary. Details can be found in the section relating to Parcours' liquidity and financial covenants.

Financial debt maturity schedule

In millions of euros	**Less than 1 year**	**Betw. 1 and 5 years**	**More than 5 years**	**Total**
Wendel nominal value	*0*	*-2,300*	*-1,000*	*-3,300*
Eufor nominal value	*-*	*-1,413*	*-213*	*-1,625*
Wendel and Eufor interest (1)	*-318*	*-696*	*-77*	*-1,092*
Subsidiaries nominal value	*-443*	*-3,289*	*-537*	*-4,270*
Subsidiaries interest (1)	*-177*	*-677*	*-123*	*-977*
TOTAL	**-939**	**-8,375**	**-1,950**	**-11,264**

Interest calculations are carried out on the basis of the yield curve prevailing on June 30, 2011.

(1) Interest on debt and interest-rate hedges. This figure does not include interest earned on invested cash.

1.12 Notes to the income statement

NOTE 9. NET SALES

In millions of euros	H1 2011	H1 2010	% change	Organic growth
Bureau Veritas	1,622.8	1,349.1	20.3%	6.6%
Materis	1,022.5	925.3	10.5%	8.6%
Deutsch	250.2	203.7	22.8%	27.0%
Stahl	172.1	122.4	n.s.	n.s.
Oranje-Nassau Développement - Parcours (1)	69.4	-	n.s.	n.s.
Consolidated net sales	**3,136.9**	**2,600.6**	**20.6%**	**8.6%**
Stahl (6-month contribution)	172.1	168.5	2.1%	0.8%
Oranje-Nassau Développement -Parcours (6-month contribution) (1)	132.5	116.4	13.8%	13.8%
Total including Stahl and OND-Parcours in H1 2010 and H1 2011	**3,200.0**	**2,763.1**	**15.8%**	**8.7%**

(1) Parcours' revenues include €18.9 million in sales of second-hand vehicles for the three-month period from the date Wendel took control, €35.8 million in H1 2011 and €30.3 million in H1 2010, in accordance with IFRS.

NOTE 10. OTHER OPERATING INCOME AND EXPENSES

In millions of euros	H1 2011	H1 2010
Net gains (losses) on disposal of property, plant & equipment and intangible assets	2.4	-3.0
Net gains (losses) on disposal of consolidated investments	-	-1.4
Restructuring costs	-3.0	-5.2
Impairment of assets (1)	-38.1	-7.0
Other income and expenses	-5.7	-8.2
Total	**-44.4**	**-24.8**

(1) In H1 2011: Impairment of assets, mainly at Materis.

In H1 2010: Impairment of assets at Deutsch.

NOTE 11. FINANCE COSTS, NET

In millions of euros	H1 2011	H1 2010
Income from cash and cash equivalents (1)	7.5	5.2
	7.5	5.2
Finance costs, gross		
Interest expense	-240.9	-256.8
Interest expense on the shareholder loans provided by non-controlling interests	-5.6	-4.8
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)	-15.1	-14.2
	-261.6	-275.8
Total	**-254.2**	**-270.6**

(1) Includes €6.1 million at the level of Wendel and its holding companies. An additional €1.3 million in income on short-term investments is recognized under "Other financial income and expenses", comprising total income of €7.4 million in H1 2011 on cash and short-term financial investments of Wendel and its holding companies.

NOTE 12. OTHER FINANCIAL INCOME AND EXPENSES

In millions of euros	H1 2011	H1 2010
Gains (losses) on disposals of assets available for sale (1)	22.9	-2.1
Dividends received from non-consolidated companies	1.7	0.2
Income on interest rate, currency and equity derivatives (2)	-8.6	113.1
Interest on other financial assets	3.1	3.1
Net currency exchange gains/losses	-17.6	23.3
Impact of discounting	-2.7	-3.4
Gain on buyback of discounted debt	0.1	10.0
Other	-16.9	-8.3
Total	**-18.0**	**135.9**

(1) In H1 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".

(2) In H1 2011, this line item included a €14.6 million loss on the sale and the change in fair value of the put options on Saint-Gobain shares, vs. a gain of €105.6 million in H1 2010, see Note 5 "Financial assets and liabilities".

NOTE 13. TAX EXPENSE

In millions of euros	H1 2011	H1 2010
Current income tax	-98.7	-86.4
Deferred taxes	17.9	33.2
Total	**-80.8**	**-53.2**

The CVAE portion of the new CET tax, which replaced the French business license tax (*taxe professionnelle*) in 2010 was recognized as an income tax, in accordance with IAS 12 and the January 14, 2010 directive of the French National Accounting Board.

NOTE 14. NET INCOME FROM EQUITY-METHOD INVESTMENTS

In millions of euros	H1 2011	H1 2010
Net income including impact of goodwill allocation		
Saint-Gobain	90.8	46.8
Legrand	36.5	48.2
Stahl	-	0.1
Helikos	-1.7	-5.3
Other companies	0.2	-0.1
Sale of Legrand shares	426.7	-
Impact of Legrand dilution	-0.1	-0.1
Impact of dilution on the Saint-Gobain investment	-11.4	-0.2
Total	**541.0**	**89.4**

NOTE 15. NET INCOME FROM DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE

In H1 2010, this item included the net income of Stallergenes, which was sold in H2 2010.

NOTE 16. EARNINGS PER SHARE

In euros and millions of euros	H1 2011	H1 2010
Net income - Group share	452.5	124.5
Impact of dilutive instruments on subsidiaries	-3.4	-2.7
Diluted earnings	**449.0**	**121.8**
Average number of shares, net of treasury shares	48,993,528	49,819,237
Potential dilution due to Wendel stock options (1)	908,201	594,287
Diluted number of shares	**49,901,729**	**50,413,524**
Basic earnings per share (in euros)	9.24	2.50
Diluted earnings per share (in euros)	9.00	2.42
Basic earnings per share from continuing operations (in euros)	9.23	2.31
Diluted earnings per share from continuing operations (in euros)	8.99	2.23
Basic earnings per share from discontinued operations (in euros)	0.01	0.19
Diluted earnings per share from discontinued operations (in euros)	0.01	0.18

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

1.13 Notes to the consolidated cash flow statement

NOTE 17. ACQUISITIONS OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

In millions of euros	H1 2011	H1 2010
By Bureau Veritas	45.2	28.1
By Deutsch	6.3	4.2
By Materis	33.9	34.4
By Stahl	3.9	1.7
By Stallergenes	-	5.8
By Oranje-Nassau Développement - Parcours	47.1	-
By Wendel and holding companies	0.2	0.7
Total	**136.5**	**74.9**

NOTE 18. ACQUISITION OF EQUITY INVESTMENTS

In millions of euros	H1 2011	H1 2010
Oranje-Nassau Développement: Parcours (1)	108.9	
Helikos	-	22.3
By Bureau Veritas	59.2	16.2
By Materis	18.4	3.7
By Deutsch (2)	-	30.2
Other shares	0.1	0.1
Total	**186.5**	**72.4**

(1) Oranje-Nassau Développement acquired Parcours. See the section on "Changes in scope of consolidation".

(2) In H1 2010: Deutsch bought out the non-controlling interests of its subsidiary LADD.

NOTE 19. DIVESTMENTS

In millions of euros	H1 2011	H1 2010
Sale of Legrand shares (1)	622.5	
Sale of Saint-Gobain shares (1)	144.0	
Sales by Bureau Veritas	0.7	6.7
Other	0.4	-
Total	**767.6**	**6.7**

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

NOTE 20. Impact of changes in scope of consolidation and operations held for sale

In 2011, this item corresponded mainly to the acquisition of Parcours (€7.7 million) and, in 2010, the consolidation of Stahl.

NOTE 21. CHANGES IN OTHER FINANCIAL ASSETS AND LIABILITIES AND OTHER

In H1 2011, this item consisted mainly of:

- The sale of part of Wendel's short-term financial investments for €66 million (classified under current financial assets; see the section on Wendel's liquidity); and
- €169 million in proceeds from the sale of Saint-Gobain protection (see Note 5-C "Derivatives").

In the first half of 2010, this line item included:

- cash Wendel has invested in Stahl for its financial restructuring: €60 million (see "Changes in scope of consolidation");
- -€376 million in Wendel's short-term financial investments (classified under current financial assets; see the section on Wendel's liquidity); and
- €117 million in proceeds from the sale of Saint-Gobain protection.

NOTE 22. DIVIDENDS RECEIVED FROM EQUITY-METHOD OR NON-CONSOLIDATED COMPANIES

Dividends received in H1 2011 included €103.3 million from Saint-Gobain (in 2010, Saint-Gobain's dividend was received in the form of shares and thus had no impact on the Group's cash position), €25.8 million from Legrand in 2011 (€45.9 million in 2010) and €1.8 million from funds held by Oranje Nassau Groep.

The €64.7 million dividend received from Bureau Veritas was eliminated upon consolidation.

NOTE 23. NET CHANGE IN BORROWINGS AND OTHER FINANCIAL LIABILITIES

In millions of euros	H1 2011	H1 2010
New borrowings obtained by:		
Wendel bond issue (net of issuance costs) (1)	298.0	-
Wendel syndicated credit line (1)	500.0	-
Bureau Veritas	258.5	134.1
Deutsch	-	7.8
Materis	150.5	122.2
Oranje-Nassau Développement - Parcours	18.9	-
Stahl	-	7.8
	1,225.9	**272.0**
Borrowings repaid by:		
Wendel - 2011 bonds (1)	334.8	81.0
Group Eufor (Saint-Gobain investment structure) (1)	1,789.7	273.4
Bureau Veritas	181.9	93.8
Deutsch	8.1	38.7
Materis	83.7	59.3
Stallergenes	-	1.2
Stahl	6.7	4.3
Other Wendel holding companies	-	3.2
	2,404.9	**555.0**
Total	**-1,179.1**	**-283.0**

(1) See Note 8 "Financial debt".

1.14 Segment information

The income statement is broken down between "net income from business sectors" and non-recurring items.

<u>Net income from business sectors</u>

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, Stahl and Parcours from when it was acquired by Oranje-Nassau Développement in April 2011) and Wendel's share in the net income of investments accounted for under the equity method (Saint-Gobain and Legrand) before non-recurring items and the impact of goodwill allocations.
- Net income from holding companies includes the overheads of Wendel and holding companies, Oranje-Nassau, the cost of net debt set up to finance Wendel and its holding companies, the cost of financing the Eufor group (the Saint-Gobain investment structure) and income tax related to these items. It includes amounts recognized at the level of Wendel and at that of all consolidated financial holding companies (excluding acquisition holding companies and operating subsidiaries).

<u>Non-recurring income</u>

"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 on 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 as recurring if it is a structural one,

- 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 the extinguishing of 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-progress;
- property, plant and equipment
- intangible assets, including brands and contracts, and
- 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).

Income statement by operating segment for H1 2011

	Bureau Veritas	Materis	Deutsch	Stahl	OND Parcours	Equity-method investments		Holding companies	Total
						Saint-Gobain	Legrand		
Net income from business sectors									
Net sales	**1,622.8**	**1,022.5**	**250.2**	**172.1**	**69.4**				**3,136.9**
EBITDA	**n.a.**	**140.7**	**64.6**	**25.1**					
Adjusted operating income (1)	**259.5**	**106.3**	**56.7**	**21.2**	**5.9**				
Other recurring operating items		(0.5)	(1.0)	(0.9)					
Operating income	**259.5**	**105.8**	**55.7**	**20.3**	**5.9**			**(20.2)**	**427.1**
Finance costs, net	(21.5)	(62.1)	(13.0)	(9.6)	(1.7)			(139.1)	**(246.9)**
Other financial income and expenses	(7.0)	(0.6)	(2.3)					(0.2)	**(10.1)**
Tax expense	(62.6)	(16.8)	(6.5)	(4.0)	(2.2)			(0.0)	**(92.1)**
Share of net income from equity-method investments	0.1			0.1		153.7	37.9		**191.9**
Net income from discontinued operations and operations held for sale									
Recurring net income (loss) from business sectors	**168.6**	**26.3**	**33.9**	**6.7**	**2.1**	**153.7**	**37.9**	**(159.4)**	**269.9**
Recurring net income from business sectors -non-controlling interests	83.7	7.1	3.6	0.6	0.1				**95.1**
Recurring net income (loss) from business sectors - Group share	**84.9**	**19.2**	**30.3**	**6.2**	**2.0**	**153.7**	**37.9**	**(159.4)**	**174.8**
Non-recurring income (loss)									
Operating income	(24.0)	(52.1)	(9.0)	(5.6)	(2.0)			(2.8)	**(95.6)**
Net financial income (expense)	(0.0)	(15.4)	(20.5)	(0.2)	(0.8)			**(2)** 21.7	**(15.2)**
Tax expense	6.6	4.4	(1.1)	0.7	0.7				**11.3**
Share of net income from equity-method investments						(74.3)	(1.6)	**(3)** 425.0	**349.1**
Net income from discontinued operations and operations held for sale								0.4	**0.4**
Non-recurring net income (loss)	**(17.4)**	**(63.2)**	**(30.7)**	**(5.0)**	**(2.1)**	**(74.3)**	**(1.6)**	**444.3**	**250.0**
of which:									
- Non-recurring items	**0.2**	**(16.2)**	**(23.0)**	**(1.5)**	**(1.5)**	**(11.2)**	**(0.0)**	**444.3**	**391.1**
- Impact from goodwill	**(17.6)**	**(9.7)**	**(7.7)**	**(3.5)**	**(0.6)**	**(40.1)**	**(1.6)**		**(80.8)**
- Asset impairment		**(37.3)**				**(23.0)**			**(60.3)**
Non-recurring net income - non-controlling interests	(8.5)	(15.5)	(3.3)	(0.4)	(0.2)			0.1	**(27.7)**
Non-recurring net income - Group share	**(8.9)**	**(47.7)**	**(27.4)**	**(4.6)**	**(2.0)**	**(74.3)**	**(1.6)**	**444.2**	**277.7**
Consolidated net income	**151.2**	**(36.9)**	**3.2**	**1.8**	**(0.0)**	**79.4**	**36.4**	**284.9**	**519.9**
Consolidated net income - non-controlling interests	75.3	(8.4)	0.3	0.1	(0.0)			0.1	**67.4**
Consolidated net income - Group share	**76.0**	**(28.5)**	**2.8**	**1.6**	**(0.0)**	**79.4**	**36.4**	**284.8**	**452.5**

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

(2) Includes a €23.0 million gain on sale of Saint-Gobain share dividends. As of December 31, 2010, these shares were booked under assets held for sale.

(3) Includes a €426.7 million gain on the sale of a block of Legrand shares and a net loss of €14.6 million composed of a loss on the sale of and changes in fair value on Saint-Gobain puts (purchased and issued).

Income statement by operating segment for H1 2010

	Bureau Veritas	Materis	Deutsch	Stallergenes	Stahl (4 months)	Equity-method investments			Holding companies	Total
						Saint-Gobain	Legrand	Stahl		
Net income from business sectors										
Net sales	1,349.1	925.3	203.7		122.4					2,600.6
EBITDA	252.1	132.4	50.0		24.1					
Adjusted operating income (1)	225.6	101.5	42.3		21.2					
Other recurring operating items	0.0	0.0	(0.7)		(0.4)					
Operating income	225.6	101.5	41.6		20.8				(18.9)	370.5
Finance costs, net	(17.2)	(71.0)	(13.4)		(6.2)				(158.1)	(265.8)
Other financial income and expenses	2.0	(0.6)	4.6		0.0				4.1	10.1
Tax expense	(57.5)	(15.4)	(1.0)		(5.6)				0.0	(79.6)
Share of net income from equity-method investments	(0.1)	0.0	0.0		0.1	102.2	62.7	0.0	0.0	164.9
Net income from discontinued operations and operations held for sale	0.0	0.0	0.0	20.2	0.0				0.0	20.2
Recurring net income from business sectors	152.8	14.5	31.7	20.2	9.2	102.2	62.7	0.0	(172.9)	220.3
Recurring net income from business sectors - non-controlling interests	75.1	4.0	6.4	10.9	0.6				0.2	97.1
Recurring net income from business sectors - Group share	77.7	10.5	25.4	9.3	8.6	102.2	62.7	0.0	(173.1)	123.2

Non-recurring net income										
Operating income	(35.5)	(16.4)	(29.3)		(15.6)				4.1	(92.8)
Net financial income		(11.9)	(6.8)		(9.1)				148.9	121.0
Tax expense	11.3	3.9	6.0		5.3				(0.1)	26.3
Share of net income from equity-method investments	0.0	0.0	0.0		0.0	(55.6)	(14.6)	0.0	(5.3)	(75.5)
Net income from discontinued operations and operations held for sale	0.0	0.0	0.0	0.0	0.0					
Non-recurring net income	(24.2)	(24.4)	(30.1)	0.0	(19.5)	(55.6)	(14.6)	0.0	147.6	(20.9)
of which:										
- Non-recurring items	(0.7)	(17.1)	(13.7)	0.0	(10.4)	(3.7)	(12.5)	0.0	(2) 147.6	89.5
- Impact from goodwill	(23.5)	(7.3)	(9.4)	0.0	(9.1)	(41.5)	(2.2)	0.0		(93.0)
- Asset impairment			(7.0)	0.0	0.0	(10.4)	0.0	0.0		(17.4)
Non-recurring net income - non-controlling interests	(11.6)	(6.0)	(3.2)	0.0	(1.3)				(0.2)	(22.2)
Non-recurring net income - Group share	(12.6)	(18.5)	(27.0)	0.0	(18.2)	(55.6)	(14.6)	0.0	147.7	1.3
Consolidated net income	128.5	(9.9)	1.6	20.2	(10.3)	46.6	48.1	0.0	(25.4)	199.4
Consolidated net income - non-controlling interests	63.4	(2.0)	3.2	10.9	(0.7)				0.0	74.9
Consolidated net income - Group share	65.1	(7.9)	(1.6)	9.3	(9.6)	46.6	48.1	0.0	(25.4)	124.5

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

(2) Includes a €105.6 million gain on the sale of and changes in the fair value of Saint-Gobain puts (puts acquired and issued).

Balance sheet by operating segment as of June 30, 2011

	Bureau Veritas	Deutsch	Materis	Stahl	Oranje-Nassau Dév. - Parcours	Saint-Gobain	Legrand	Wendel and holding companies	Eliminations and unallocated	Consolidated
Goodwill, net	1,777.1	288.9	797.1	24.1	35.9					2,923.0
Intangible assets, net	568.4	174.3	759.2	77.8	21.3			0.2		1,601.2
Property, plant & equipment, net	284.6	73.0	504.8	94.4	440.2			7.6		1,404.6
Non-current financial assets	65.3	5.2	16.8	0.1	0.4			170.0		257.8
Equity-method investments	0.5	(0.0)	3.3	1.9	0.0	4,808.9	245.5	13.5		5,073.5
Deferred tax assets	81.7	2.1	46.5	3.7	6.2			0.4		140.5
Total non-current assets	2,777.5	543.4	2,127.7	202.0	504.0	4,808.9	245.5	191.7		11,400.6
Assets and operations held for sale				4.5						4.5
Inventories and work-in-progress		96.0	283.6	52.5	28.4					460.5
Trade receivables	863.0	82.5	423.9	77.7	18.5			0.4		1,465.9
Other current assets	132.6	8.4	79.5	11.4	5.2			5.6		242.7
Current income tax	20.3	1.7		2.6				5.5		30.0
Other current financial assets	175.4	78.6	80.2	8.4	26.9			1,037.4		1,407.0
Total current assets	1,191.3	267.1	867.2	152.6	79.0			1,048.8		3,606.2
Total assets										15,011.2
Shareholders' equity - Group share									2,669.9	2,669.9
Non-controlling interests									486.9	486.9
Total shareholders' equity									3,156.8	3,156.8
Long-term provisions	188.2	15.3	44.2	13.8	0.3			33.3		295.1
Long-term borrowings and debt	1,184.4	459.6	1,923.0	179.7	156.1			4,853.4		8,756.3
Other non-current financial liabilities	14.6	0.4	1.2	3.2				50.1		69.6
Deferred tax liabilities	147.4	9.7	401.7	19.8	11.6					590.2
Total non-current liabilities	1,534.6	485.0	2,370.1	216.6	168.0			4,936.8		9,711.2
Liabilities of operations held for sale										
Short-term provisions		2.7	4.1	0.8	1.0					8.6
Short-term borrowings and debt	141.1	21.3	46.8	15.7	219.5			81.7		526.1
Other current financial liabilities	37.2	0.3	3.3	0.3	2.0			100.7		143.8
Trade payables	213.6	35.5	296.1	38.1	62.1			10.3		655.7
Other current liabilities	493.7	26.7	171.9	20.0	3.6			10.2		726.2
Current income tax liabilities	75.2	4.8	1.1	0.2	1.5			0.2		82.9
Total current liabilities	960.7	91.3	523.5	75.1	289.7			203.1		2,143.3
Total liabilities and shareholders' equity										15,011.2

Balance sheet by operating segment as of December 31, 2010

	Bureau Veritas	Deutsch	Materis	Stahl	Saint-Gobain	Legrand	Wendel and holding companies	Eliminations and unallocated	Consolidated
Goodwill, net	1,808.9	304.3	824.5	24.1					2,961.8
Intangible assets, net	579.8	192.3	769.0	81.2			0.3		1,622.6
Property, plant & equipment, net	281.1	84.7	517.7	96.9			8.0		988.4
Non-current financial assets	74.3	4.5	12.5	0.9			769.4		861.6
Equity-method investments	0.5	0.0	3.3	2.2	4,883.2	429.8	15.2		5,334.1
Deferred tax assets	74.2	2.0	45.5	7.6			0.4		129.8
Total non-current assets	2,818.8	587.8	2,172.4	212.9	4,883.2	429.8	793.3		11,898.2
Assets and operations held for sale				4.9			121.0		125.9
Inventories and work-in-progress		95.2	256.0	43.7					394.9
Trade receivables	817.6	69.0	336.1	65.6			0.2		1,288.4
Other current assets	112.1	8.3	69.4	11.9			5.7		207.4
Current income tax	21.3	0.6		2.7			5.5		30.0
Other current financial assets	231.9	57.2	67.5	20.9			1,246.8		1,624.2
Total current assets	1,182.9	230.3	729.0	144.7			1,258.1		3,545.0
Total assets									15,569.1
Shareholders' equity - Group share								2,383.7	2,383.7
Non-controlling interests								508.7	508.7
Total shareholders' equity								2,892.5	2,892.5
Long-term provisions	203.8	15.8	44.9	15.8			31.9		312.1
Long-term borrowings and debt	1,185.8	492.3	1,835.1	190.3			5,532.3		9,235.7
Other current financial liabilities	20.3	0.4	7.8	0.6			110.4		139.6
Deferred tax liabilities	145.7	7.9	405.0	22.2					580.9
Total non-current liabilities	1,555.6	516.4	2,292.8	228.9			5,674.5		10,268.2
Liabilities of operations held for sale									
Short-term provisions		3.1	3.8	0.6					7.5
Short-term borrowings and debt	108.9	18.5	45.5	13.8			704.1		890.8
Other non-current financial liabilities	13.3	2.6	7.0	3.1			112.5		138.5
Trade payables	225.0	28.2	252.7	29.5			5.5		540.9
Other current liabilities	514.3	27.4	160.7	25.5			15.4		743.3
Current income tax liabilities	81.4	3.8	1.6	0.8			0.0		87.5
Total current liabilities	942.9	83.5	471.2	73.4			837.5		2,408.5
Total liabilities and shareholders' equity									15,569.1

Cash flow statement by business segment for H1 2011

In millions of euros	Bureau Veritas	Deutsch	Materis	Stahl	Oranje-Nassau Dév. Parcours	Wendel and holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	175.3	51.1	60.1	5.4	54.0	-24.9		321.0
Net cash flows from investing activities, excluding tax	-91.5	-4.7	-57.6	-3.5	-45.0	1,086.5	-64.7	819.5
Net cash flows from financing activities, excluding tax	-54.0	-15.5	29.2	-11.6	17.2	-1,575.6	64.7	-1,545.5
Net cash flows related to taxes	-78.3	-4.6	-16.1	-2.3	0.7	-0.3	-	-100.8

Cash flow statement by business segment for H1 2010

In millions of euros	Bureau Veritas	Deutsch	Materis	Stallergenes	Stahl	Wendel and holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	181.5	28.2	70.8	36.0	4.1	-23.5		297.2
Net cash flows from investing activities, excluding tax	-48.4	-33.8	-56.6	-6.9	-47.2	-185.0	-50.6	-428.7
Net cash flows from financing activities, excluding tax	-66.5	15.8	15.0	-8.9	58.3	-676.1	50.6	-611.9
Net cash flows related to taxes	-63.4	-0.1	-12.1	-1.4	-2.4	2.6	-	-76.8

1.15 Off-balance-sheet commitments

As of June 30, 2011, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned below.

Collateral and other security given in connection with financing

	6/30/2011	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	1,951.9	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	452.6	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	191.3	202.0
(iv) Security given by Parcours under its bank borrowing arrangements, including the financed vehicles and the leased payments received.	321.1	-
(iv) Pledge of listed shares in connection with the Saint-Gobain investment financing structure (market value) (1)	2,355.0	3,729.0
(vi) Collateral given in connection with financing not subject to margin calls and relative to hedging transactions	-	227.2
(vii) Pledge of cash in connection with the Saint-Gobain investment financing structure (1)	145.9	609.2
(viii) Other	2.6	2.6
Total	5,420.3	7,072.7

(1) These items are detailed under "Managing liquidity risk" with respect to Eufor group liquidity.

Guarantees given as part of asset disposals

	6/30/2011	12/31/2010
Commitments given in connection with asset disposals	353.1	353.1
Tax guarantees given in connection with the divestment of Oranje-Nassau Groep's oil & gas activities, expiring in May 2016 (there were no guarantees of environmental risk or site remediation costs connected with this divestment) and guarantees given in connection with the sale of Editis in 2008, expiring in January 2012.		

Guarantees received in connection with asset acquisitions

	6/30/2011	12/31/2010
Commitments received in connection with asset acquisitions	5.0	-
General, tax or employee-related guarantees received in connection with the acquisition of Parcours, expiring between April 2012 and March 2015.		

Off-balance-sheet commitments given related to operating activities

		6/30/2011	12/31/2010
(i)	Market counter-guarantees	73.3	69.8
(ii)	Other commitments given		
	By Bureau Veritas	72.5	49.7
	By Materis	34.6	48.7
	By Deutsch	2.3	3.1
		109.4	101.5
Total		182.7	171.3

Off-balance-sheet commitments received related to operating activities

	6/30/2011	12/31/2010
Other engagements received (1)	330.6	7.0

(1) As of June 30, 2011, commitments received were composed principally of lease payments to be received by Parcours on its portfolio of lease contracts in force.

Shareholder agreements

At June 30, 2011, the Wendel Group was party to several agreements governing the relationship with other shareholders in Materis, Deutsch, Stahl and Parcours. In some cases, these are non-controlling investors, in others they are the senior managers of these companies participating in Wendel's programs enabling managers to benefit from the performance of their companies (see the section of the 2010 consolidated financial statements entitled "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, pre-emptive rights);
- 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 and Parcours (via Winvest International) and by subsidiary managers in Materis, Deutsch, Stahl and Parcours. The value applied to these liquidity commitments would be market value, as determined by an appraiser, or a value calculated on the basis of an operating income multiple.

At June 30, 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 €118 million (€55 million was recognized under liabilities as minority puts), and the value of the portion of managers' investment having dilutive effects on the Wendel Group's ownership interest (notably the index-based or preferred shares, stock options and warrants) was €37 million. These amounts vary with the value of each investment. They may therefore be lower (or nil) or higher in future fiscal years (see the section on "Participation of managers in Group investments" in the 2010 consolidated financial statements).

Stahl co-shareholders' rights to capital gains

Subordinated lenders (mezzanine and second-lien) 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 divestment.

1.16 Subsequent events

1.16.1 Agreement to acquire the Mecatherm group, world leader in industrial bakery equipment

On July 11, 2011, Wendel signed a contract to become the majority shareholder in the Mecatherm group, via Oranje-Nassau Développement. Wendel's offer values the group at €170 million, or 9x EBITA. The acquisition is expected to close in the third quarter of 2011.

Founded in 1964, the Mecatherm group has 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, pastries, etc.) throughout the world. In 2010, the Mecatherm group posted sales of around €91 million, of which nearly 75% was realized outside France.

1.16.2 Helikos acquires exceet, European leader in embedded electronics and security solutions

On July 26, 2011 Helikos acquired exceet, European leader in embedded, intelligent, electronic systems and was renamed "exceet Group SE" ("exceet"). The company is listed on the Frankfurt Stock Exchange. As founder of Helikos via Oranje-Nassau Développement, Wendel holds 28.4% of the listed shares and 30.2% of the voting rights and capital of exceet. This percentage interest in the listed shares can change automatically if exceet's share price reaches specified thresholds. Wendel 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 exceet shares purchased at the time of the acquisition. In addition, Wendel will provide up to €11.3 million of shareholder loans to exceet.

Exceet posted sales of €119.7 million in 2010, an increase of over 50% (including organic growth of 20%) compared to the previous year. Its operating income (EBITDA) more than doubled during the same period, rising from €7.0 million to €17.7 million.

1.16.3 Maturity extended on a portion of Eufor group's bank debt

In July 2011, an amendment to the €425 million credit agreement was signed. It also covers the undrawn €600 million line. The amendment extends the maturity dates of both the drawn and undrawn lines by 19 months, to January 2016 and January 2017. See note on "Financial debt".

1.16.4 Maturity extended on a portion of puts issued

The 2.2 million puts issued initially expired in September 2011. This expiration date was extended by 12 months to September 2012. See note on "Derivatives".

1.16.5 Purchase of 1.9 million Saint-Gobain shares

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. This purchase was financed by €60 million in drawdowns under the Eufor group's lines of credit.

Statutory Auditors’ report

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
Société anonyme with share capital of €2,510,460

Statutory Auditor
Member of the *Compagnie Régionale de Versailles*

Ernst & Young Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
Société par actions simplifiée with variable share capital

Statutory Auditor
Member of the *Compagnie Régionale de Versailles*

Wendel

Statutory Auditors' review report on the interim financial information
For the six-month period ended June 30, 2011

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

To the Shareholders,

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

- the review of the accompanying condensed interim consolidated financial statements of Wendel, for the six months ended June 30, 2011;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Executive Board. They were prepared in a context of high volatility on the financial markets and uncertainties with regard to the outlook for the global economy. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting", as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to Note 3 to the condensed interim consolidated financial statements relating to equity-method investments which describes impairment tests carried out on the interest held by Wendel in Saint-Gobain as of June 30, 2011, and in particular:

- the determination of the investment's value in use,
- the uncertainties with regard to the outlook for the global economy which make forecasting difficult,
- the sensitivity analysis of this value in use in the event of a change in the discount rate or the long-term growth rate.

2. Specific verification

We have also verified the information presented in the interim management report on the condensed interim consolidated financial statements subject to our review.

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

Neuilly-sur-Seine and Paris-La Défense, August 30, 2011

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	Ernst & Young Audit
Etienne Boris	Jean-Pierre Letartre

Certification

Wendel

Chairman of the Executive Board

I hereby certify, that to the best of my knowledge the condensed consolidated financial statements for the first half of the year have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated group of companies and that the accompanying interim management report presents a true and fair picture of the important events that occurred during the first half of the year, their impact on the financial statements and the principal transactions between related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the year.

Paris, August 30, 2011.

Frederic Lemoine

English version: Traduction financière et économique sarl “Trafine”