



W E N D E L

2014 HALF-YEAR FINANCIAL REPORT

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2014 HALF-YEAR FINANCIAL REPORT

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Interim Management Report – H1 2014

1 – Business overview

Consolidated results, H1 2014

(in millions of euros)	H1 2013	H1 2014
Consolidated subsidiaries	309.6	288.7
Financing, operating expenses, and taxes	(122.0)	(126.8)
Net income from business sectors ⁽¹⁾	187.6	161.9
Net income from business sectors ⁽¹⁾ , Group share	84.7	63.6
Non-recurring income	267.5	57.1
Impact of goodwill allocation	(54.5)	(43.4)
Total net income	400.6	175.5
Net income, Group share	323.4	70.3

1. Net income before goodwill allocation entries and non-recurring items.

Net income from business sectors, H1 2014

(in millions of euros)	H1 2013	H1 2014	Δ
Constant scope			
Bureau Veritas	198.6	184.5	(7.1)%
Stahl	13.3	19.9	+49.6%
IHS	(3.0)	(9.3)	ns
Oranje-Nassau Développement	7.0	7.5	+6.6%
- <i>Parcours</i>	5.9	6.3	+7.8%
- <i>Mecatherm</i>	0.3	0.2	ns
- <i>exceet (equity accounted)</i>	0.8	0.9	ns
Sub-total	215.9	202.5	(6.2)%
Changes in scope			
Materis	8.3	15.0	
Saint-Gobain (equity accounted)	71.5	70.0	
Legrand (equity accounted)	13.8	-	
Oranje-Nassau Développement – NOP (fully consolidated since January 2014)	-	1.2	
Sub-total	93.7	86.2	ns
Total contribution of companies	309.6	288.7	(6.8)%
- <i>Of which Group share</i>	206.7	190.4	(7.9)%
Total operating expenses	(23.1)	(26.8)	+15.9%
Total financial expense	(98.9)	(100.0)	+1.1%
Net income from business sectors	187.6	161.9	(13.7)%
- <i>Of which Group share</i>	84.7	63.6	(24.9)%

The Supervisory Board, chaired by François de Wendel, met on August 27, 2014 to review Wendel's consolidated financial statements as approved by the Executive Board on August 20, 2014. The financial statements were subject to a review by the Statutory Auditors prior to publication.

Wendel's consolidated sales totaled €2,786.4 million in the first half, up 3.5% year-on-year—or up 2.9% at constant scope.

The overall contribution of the Group's companies to net income from business sectors was €288.7 million, down 6.8% from the first half of 2013. The decrease resulted from changes in the scope (the exit from Legrand in mid-2013, a decrease in the share of income from Saint-Gobain after the sale of 24 million Saint-Gobain shares in May 2014, and a smaller scope of consolidation at Materis following the divestment of certain businesses) and a drop in net income at Bureau Veritas and IHS, whose many acquisitions this year resulted in a higher depreciation and amortization charge than in H1 2013.

Non-recurring income was €57.1 million in the first half of 2014, against €267.5 million in the same period last year. Non-recurring income in H1 2013 included a €369.0 million gain from the sale of the remaining stake in Legrand. Non-recurring income in H1 2014 included a €294.0 million gain on Materis' sales of Kerneos and ParexGroup, partially offset by a €106.7 million loss on the sale of 24 million Saint-Gobain shares, €59 million of other non-recurring expenses, and €54.7 million of asset impairment at Wendel companies.

As a result, net income, Group share amounted to €70.3 million in the first half, against €323.4 million in the same period last year.

Results of Group companies

Bureau Veritas – Sales up 0.5% (or 7.0% at constant exchange rates)

(Full consolidation)

Revenue for the first half of 2014 totaled €1,967.4 million, an increase of 0.5% (or 7% at constant exchange rates) compared with the first half of 2013.

- Acquisitions contributed 5.2% to growth. This included the companies acquired in H1 2014, i.e. Maxxam (IVS/Commodities/Consumer Products), Quiktrak and Andes Control (GSIT), DTI (Industry) and Jyutaku (Construction), as well as those acquired in 2013 and consolidated for the full year: Sievert and LVQ-WP (Industry), KBI and CKM (Construction) and OTI (Commodities).
- Organic growth in H1 2014 was 1.8%. It was 0.9% in the second quarter, a level below Bureau Veritas' expectations for three reasons:
 - The unfavorable economic climate in Europe, particularly in France, had a stronger than expected impact on the Industry (organic growth at +3.6% in H1 2014), In-Service Inspection & Verification (+3.5%), Construction (+1.7%) and Certification (-1.0%) businesses;
 - Organic growth in the Commodities business was negative in H1 2014, at -1.3%. The good level of growth in Oil & Petrochemicals (+8.9%) and Agriculture (+11.7%) has been more than offset by a lower than expected "seasonal" recovery in the Metals & Minerals business.
 - Toys and textiles testing activities were affected by low levels of demand from US client retailers. Nevertheless, the Consumer Products business delivered organic growth of 5.4% in H1 2014, driven by the Electrical & Electronics segment (+9.6%), which benefited from strong demand for wireless technologies.

As expected by Bureau Veritas, there was a further contraction in the Government Services & International Trade (GSIT) business (organic growth of -8.4% in H1 2014). The comparison base is unfavorable owing to two contracts (Angola and Côte d'Ivoire) that came to an end in H2 2013. The verification of conformity activity has been disrupted recently due to the conflict in Iraq.

The Marine business posted strong organic growth of 7.8% over the period, in both the ships-in-service and new construction segments.

- Currency fluctuations had a negative impact of 6.5%. Most currencies declined in value against the euro, particularly those of Latin American countries (Brazil, Argentina, Colombia, and Chile) and other major countries (Australia, Japan, Canada, and the United States).

Adjusted operating profit was €310 million, down 1% compared with H1 2013, but up 8% at constant currencies.

The adjusted operating margin was 15.8% in H1 2014, an increase of 10 basis points at constant currencies compared with H1 2013. The negative impact of exchange rates was 30 basis points.

On a constant currency basis, the adjusted operating margin improved in most of the divisions, i.e. in the Marine, Consumer Products, Industry, Construction and IVS businesses. It mainly benefited from the operational excellence initiatives and improvements in the activity mix. The margin contraction in the Certification, Government Services & International Trade (GSIT) and Commodities businesses was due to a reduction in volumes.

Adjusted attributable net profit totaled €177.5 million, up 3.7% on a constant currency basis. Adjusted earnings per share stood at €0.41 in H1 2014, a decrease of 6.8% compared with H1 2013. On a constant currency basis, it increased by 4.5%.

Since the beginning of the year, Bureau Veritas has carried out seven acquisitions, mainly in North and South America. These acquisitions will increase its exposure to the petroleum, offshore, automotive, construction and food sectors. The combined annual revenue for these acquisitions is close to €290 million, equivalent to more than 7% of Bureau Veritas' 2013 revenue.

2014 revenue growth on a constant currency basis should be above 9% with a strong contribution from acquisitions. Profitability should continue to improve on a constant currency basis.

Bureau Veritas confirms its objective to achieve revenue growth above 9% per year on average over the 2012-2015 period, at constant exchange rates, but with a different mix than the one initially contemplated:

- Due to weakness in Metals & Minerals and European markets, the average organic growth should be lower than 6%.
- Based on the current pipeline and acquisitions already carried out, the average external growth should be higher than 4%.

Bureau Veritas could achieve its objective of a 100 basis points margin improvement in 2015 compared with 2011, but has decided recently to invest part of the profitability gains, generated notably through Excellence@BV, in commercial initiatives to accelerate its future organic growth. As a consequence, the 2015 adjusted operating margin will be around 17%.

In this context, the average growth of adjusted EPS for the period 2012-2015 should be in the +5-7% range per year, due notably to tax rates increase and currency headwinds.

Materis – Good first half at Materis Paints. Divestments of Parex and Kerneos finalized. Materis Paints and Chryso successfully refinanced. Firm offer received for Chryso.

(Full consolidation – Sales at Parex, Kerneos, and Chryso were reclassified under IFRS 5 and are not taken into account.)

Materis Paints recorded sales of €383.3 million in the first half of 2014, up 1.3% or 2.9% organic growth. In emerging markets, which account for 6% of the company's sales, organic growth was 33% in Morocco and 30% in Argentina. Business in the Iberian Peninsula again showed signs of recovery with sales up 13% in Spain and 6% in Portugal; France and Italy saw more moderate growth of 0.3% and 2%, respectively. Materis Paints continues to reap the benefits of management initiatives to step up marketing efforts and keep a tight rein on costs and WCR. The company's EBITDA rose 10.1% in the first half to reach 9.7% of sales, and the EBITDA-to-cash conversion ratio shot up from 35% to 54%.

On August 13, 2014, Materis carried out two separate refinancing transactions on Materis Paints and Chryso, involving:

- A 7-year senior bullet term loan (€267 million for Materis Paints and €165 million for Chryso) at an interest rate of Euribor+4.75%;
- A 6-year revolving credit facility (€72 million for Materis Paints and €38 million for Chryso) at an interest rates of Euribor+3.75% for Materis Paints and Euribor+4.00% for Chryso, to finance the companies' working capital requirement, acquisitions and capital expenditures;
- Incremental uncommitted facilities of €88 million for Materis Paints and €42 million for Chryso to finance acquisitions and capital expenditures;

- Headroom of c. 30% on quarterly Net debt/EBITDA and EBITDA/cash interest covenants.

This refinancing, based on a reasonable leverage of c. 4x EBITDA for Materis Paints and c. 4.5x EBITDA for Chryso (on a seasonally-adjusted basis), gives both companies the flexibility to ramp up their growth strategies. Wendel has decided to provide additional backing through a €150 million shareholder loan to Materis.

Shortly after completion of this transaction, Materis received a firm offer from LBO France to acquire its Chryso subsidiary in full and entered into exclusive talks to finalize the terms of the sale. The offer values Chryso at c. €290 million (Enterprise Value), or 8.3x 2013 EBITDA. The transaction could take place in the second half of 2014 once the required consultations have been held and the necessary authorizations obtained. The proceeds would enable the repayment of c. €125 million of the shareholder loan provided by Wendel.

After the refinancing transactions and the sales of Chryso (subject to the necessary authorizations), ParexGroup (in June 2014) and Kerneos (in March 2014), Materis will have:

- Generated total proceeds of €1.7 billion;
- Reduced its net debt to €275 million, or c.4x EBITDA (on a seasonally-adjusted basis);
- Reduced its average borrowing cost from Euribor+6% to Euribor+4.75%;
- Fully refocused its operations on its Paints business.

Wendel plans to maintain its role as an active shareholder supporting the Materis Paints management team and will help drive business expansion over the next few years.

Stahl – Strong growth in profitability with EBITDA margin up 80 basis points to 18.0%. The merger with Clariant’s Leather Services division is on track and already paying off.

(Full consolidation)

In H1 2014, Stahl posted sales of €217.5 million, up 23.8% compared to H1 2013. This significant increase resulted from the merger with Clariant Leather Services, which accounted for 20.4%, combined with a sustained organic growth of 8.0%. The impact of currency fluctuations was negative (-4.7%).

Organic growth was driven by the **Automotive Leather Chemicals** division on the back of buoyant Automotive Leather markets, and by double-digit growth at **Performance Coatings** across all geographical markets along with successful new product launches in emerging markets.

Initial synergies from the merger, coupled with Stahl’s strict fixed-cost control policy, boosted profitability. Stahl’s H1 2014 EBITDA rose 29.5% to €39.2 million or 18.0% of sales—up 80 basis points.

Following the merger with Clariant’s Leather Services division on April 30, the integration process has exceeded expectations with 50% of the total expected savings already made as of June 30, 2014. Stahl will likely exceed the initially-estimated synergies of €15 million over the 18 months following the transaction.

In parallel with the merger, Stahl carried out a successful refinancing of €295 million (2019 maturity), of which c. €260 million has already been drawn. Stahl’s net debt stood at €242 million at end-June 2014.

Saint-Gobain – A strong upswing in performance with operating income up 8.7% (or 14.8% on a like-for-like basis)

(Equity method)

Sales were up 4.1% in first-half 2014 on a like-for-like basis (comparable structure and exchange rates) and rose 1.6% in the second quarter, with volumes gaining 0.5% (including a negative 0.9% impact resulting from fewer working days) and prices advancing 1.1%. The upbeat trends observed as from second-half 2013 continued throughout the six months to June 30, 2014 (volumes up 2.9%), with favorable weather conditions boosting the first-quarter performance. Growth was confirmed in Saint-Gobain's main regions over the first half, even though France was down slightly in the second quarter. Despite a less inflationary cost environment, sales prices gained 1.2% over the first half.

Exchange rates continued to have a strong negative impact of 3.2%. Changes in Saint-Gobain's structure had a negative 1.9% impact and include the disposal of Verallia North America (VNA) as of April 11. Sales were therefore down 1.0% on a reported basis.

Thanks to good operating leverage, Saint-Gobain's like-for-like operating income rose 14.8%. The consolidated operating margin widened to 6.5%, compared to 5.9% in first-half 2013 (based on comparable accounting standards).

- Like-for-like sales at the **Innovative Materials** Business Sector continued to improve, up 3.7%, lifting the Business Sector's operating margin to 9.1% from 6.6% one year earlier. On a like-for-like basis, sales rose 3.4% at the Flat Glass division and 4.0% at the High-Performance Materials division;
- Like-for-like sales at the **Construction Products** Business Sector advanced 5.5%. The operating margin came in at 9.0% versus 8.5% in the same year-ago period. Organic growth was 7.1% at the Interior Solutions division and 3.9% at the External Solutions division;
- **Building Distribution** sales were up 3.6% on a like-for-like basis (up 2.1% on a reported basis, or €188 million). Sales stabilized in the second quarter after the bullish growth reported in the first three months of the year, aided by mild winter weather and a weak comparison basis. The UK, Brazil, Nordic countries and Germany contributed to the good first-half growth performance, while trading in France was virtually stable despite a good first quarter. Thanks to good management of its trade margin and costs, operating income for the Business Sector improved sharply, up to €265 million versus €198 million in first-half 2013. The operating margin rose to 2.9% from 2.2% in the same period one year earlier;
- **Packaging (Verallia)** sales advanced 1.7% on a like-for-like basis, taking into account the disposal of VNA with effect from April 11. Volumes were up slightly in Europe, although prices declined and the mix deteriorated. Latin America posted good organic growth, buoyed chiefly by price trends reflecting the impact of inflation. The operating margin bottomed out at 9.8% due to narrowing margins in Europe and a one-off inventory adjustment.

Saint-Gobain is maintaining its action plan priorities for the year and will keep a close watch on its cash and financial strength:

- priority focus on increasing sales prices amid a small rise in raw material and energy costs;
- €450 million in additional cost savings (calculated on the 2013 cost base), including €240 million in the first half;
- capital expenditure program of around €1,500 million, the priority being growth capex outside Western Europe (around €550 million);
- renewed commitment to invest in R&D in order to support its differentiated, high value-added strategy;
- a selective acquisitions and divestments policy.

Saint-Gobain has confirmed its objectives for full-year 2014 of a clear improvement in operating income on a comparable structure and currency basis and a continuing high level of free cash flow.

IHS – Continued expansion in Africa

(Equity method since May 2013)

With nearly 12,600 towers under management (pro forma with the acquisition of Etisalat's towers in Nigeria), IHS Holding is the leading provider of telecom tower passive infrastructure for mobile phone operators in Africa.

The company furthered its expansion strategy in the first half of 2014 with the acquisition of 550 towers in Rwanda and 719 in Zambia, all from MTN. IHS also scored two new contract wins through leasing agreements with Glo (Nigeria's second-largest mobile network operator) and Viettel (Cameroon's third-largest mobile network operator). The company recorded sales of \$131.5 million for the first half, excluding the pass-through of diesel costs to customers.

In terms of profitability, EBITDA adjusted for non-recurring items came in at \$41 million—or 31.2% of sales—on the back of higher colocation rates and lower energy costs.

On August 7, 2014, IHS announced its acquisition of 2,136 towers from Etisalat in Nigeria. Under the terms of the deal, IHS will invest an additional \$100 million to equip the acquired towers with advanced generators, high-performance batteries, and alternative energy solutions to reduce diesel consumption and improve grid use efficiency. The transaction will further strengthen IHS' leadership position in Nigeria—Africa's biggest economy by GDP.

Oranje-Nassau Développement

Through Oranje-Nassau Développement, Wendel brings together opportunities for investment in growth, diversification, and innovation, and in particular has invested in Parcours (France), excelet (Germany), Mecatherm (France), Van Gansewinkel Groep (Netherlands), Nippon Oil Pump (Japan) and Saham (Africa).

Parcours – Robust sales growth

(Full consolidation)

Sales at Parcours totaled €163.8 million in the first half, up 9.4% from the same period last year. The number of vehicles managed expanded 10.2% between end-June 2013 and end-June 2014 to reach 53,570 vehicles—growth that is three times faster than the French industry average.

Parcours' rapid sales growth is due to higher business volumes with existing customers and several new contract wins with key accounts in the first half—thereby securing continued top-line performance for the coming months.

Pre-tax ordinary income rose 17.9% to €12.5 million, or 7.6% of sales.

The company has made further progress on its initiative to roll out 3D offices. After opening 3D offices in Bordeaux, Lyon, and Paris (which is also the company's headquarters) in 2013, it plans to continue converting existing sites to the 3D model.

excelet – 2.3% sales growth despite cautious markets

(Equity method)

excelet's sales increased 2.3% in the first half of 2014—due entirely to organic growth—to reach €92.9 million. EBITDA was €8.9 million, up 8.8% from €8.2 million in the same period last year. The improvement in EBITDA reflects a focus on sales of high-margin products and effective cost controls. The company continues to work on development projects for the medical industry; its Electronic Components, Modules & Systems (ECMS) division is for instance developing technology together with its customers that improves the resolution of medical images and makes detection more effective. The division is now a development partner of the three biggest companies in the X-ray and tomography imaging market.

exceet expects its organic growth to continue despite a slight downturn in its markets, and see profit margins improve for the full year 2014.

In the first quarter of 2014, one of exceet's majority shareholders—Greenock S.à.r.l.—told the company it is considering selling its stake to a third party. However Greenock S.à.r.l. said that no decisions have been made as to the terms or timeframe for any such transaction.

Mecatherm – Sales up 14.8% with a record order intake

(Full consolidation)

Mecatherm's sales rose a sharp 14.8% in the first half to €36.9 million. EBITDA came in at €3.4 million, or an 8.2% increase over H1 2013. The company's order intakes on a sliding 12-month basis reached a record level at end June, of €126 million.

Mecatherm's new management team has introduced a new growth strategy: MECA 2020. The strategy aims to drive sales in emerging markets through prospects in Latin American, Africa, and Asia. The company received kudos for its R&D efforts when it unveiled its latest production line innovations at the European baking and pastry-making trade show in Paris.

Nippon Oil Pump – Promising sales trends

(Full consolidation since January 2014)

Nippon Oil Pump's sales totaled ¥2,543 million in the first half thanks to an upturn in the Japanese economy, robust sales of the company's products in China and new product launches (Vortex).

EBITDA was ¥401 million or 15.8% of sales. Higher raw materials prices in the first half—including higher electricity prices following the Fukushima accident—coupled with increased labor and procurement costs reduced profit margins during the period. The company successfully refinanced its ¥4.7 billion bridge loan in February 2014.

Saham – Sharp organic growth at its insurance business

(unconsolidated, unaudited)

Sales at Saham's insurance business rose 17% in the first half, with particularly excellent performance in Angola (up 55% at GAAS), Lebanon (up 38% at Lia), and in in Sub-Saharan Africa (up 13%). After a challenging 2013 due to a transitioning market, sales at the customer relations center business grew 9% in the first six months of 2014. The company is continuing to invest in its healthcare and real estate businesses with the goal of starting up its healthcare center operations and its activities to market residential units and developed land by end-2014.

Saham recently agreed to purchase and manage clinics and healthcare centers in Côte d'Ivoire, and its Saham Finances subsidiary recently agreed to acquire a non-life insurance company in Nigeria. The corresponding transactions should be finalized by the end of the year.

Wendel is pleased with Saham's growth, especially at its insurance business. Wendel intends to support Saham's development and diversification plans and will consider further investments when Saham needs additional capital to finance its development—which is unlikely to occur by year-end 2014.

Other significant events since the beginning of the year

- **Successful €400 million bond issue maturing in January 2021**

On January 13, 2014, Wendel announced the successful issue of a €400 million bond maturing in January 2021. The bond has a coupon rate of 3.75%—the lowest Wendel has ever obtained for a 7-year maturity. The issue was 7.5 times oversubscribed. The bonds were placed with an international investor base, mainly British (20%), German and Austrian (17%), Swiss (11%), and French (25%).

- **New €800 million, undrawn revolving credit line**

Wendel obtained a new, €800 million revolving credit line with margin calls, maturing in 2020.

- **Full repayment of debt related to the investment in Saint-Gobain**

Wendel paid off the remaining €425 million of the debt it incurred to purchase its stake in Saint-Gobain—meaning that debt is now fully repaid—and cancelled its €450 million undrawn credit line with margin calls (2016-2017 maturities).

- **Adjustment of the Saint-Gobain stake**

Wendel sold 24 million of its shares in Saint-Gobain at a net price €42.09 per share, which corresponds to 4.3% of the company's share capital for around €1 billion. Wendel now holds 11.7% of Saint-Gobain's share capital and 19.4% of its voting rights.

- **Upgrade to investment grade status**

On July 7, 2014, Standard & Poor's raised Wendel's long-term credit rating from BB+ to BBB- with a stable outlook, and its short-term credit rating from B to A-3. This marks the third year in a row that Standard & Poor's has lifted Wendel's credit rating and brings the Group back to investment grade status after a six-year hiatus during which its debt level was considered too high.

- **Bond buybacks**

Over the past six months, Wendel has been buying back its 2014, 2015, and 2016 bonds in the nominal amounts of €31.5 million, €20.9 million, and €6 million, respectively.

- **Share buyback: cancellation of a further 2% of shares**

Wendel bought back 417,658 of its own shares in 2014 to take advantage of the sharp discount in its share price relative to NAV. On August 27, 2014 the Supervisory Board authorized the Executive Board to cancel 2% of the Group's share capital. The Executive Board will subsequently reduce Wendel's share capital by cancelling shares in the coming weeks. The Group already cancelled a total of 2,070,873 shares, or 4.1% of its share capital, in 2012 and 2013.

2 – Other information

Financial risk management procedures, information on **related parties** and **changes in the scope** of consolidation are detailed in the notes to the condensed consolidated first-half financial statements.

Operational risks are detailed in the 2013 Registration Document, on page 88.

Net Asset Value (NAV)

Wendel's Net Asset Value (NAV) as of August 19, 2014

Wendel's net asset value (NAV) stood at €6,323 million—or €129.7 per share—on August 19, 2014 (see detail in Appendix 1), down 4.9% from €136.4 per share on August 20, 2013. Wendel's NAV has fallen 4.1% since the start of the year; it was €135.2 per share on December 31, 2013. The discount to NAV was 25.1% on August 19, 2014. The decline in NAV mainly reflects the drop in equity markets since early June. The value for listed companies used to calculate NAV is the average share price of the last 20 trading days between July 23 and August 19, 2014.

The calculation methodology was amended in early 2014 to better align with changes in nature of Wendel investments. Starting in the second half, estimates for the upcoming fiscal year will be taken into account for the valuation of unlisted companies. For the first half of the year, the enterprise value will correspond to the average of the values calculated using EBITDA and EBIT of the previous year and the budget (or budget update) for the current year. For the second half of the year, including for the calculation as of December 31, the next year is also taken into account, because there is sufficient visibility on the end of the current year so that the following year can be estimated satisfactorily. For the second half, therefore, the enterprise value is the average of the values calculated for three periods: the most recently audited fiscal year, the entire current year, and the following year.

(in millions of euros)

			05/23/2014	08/19/2014
	<u>Number of shares (millions)</u>	<u>Share price</u> ⁽¹⁾		
Listed equity investments			7,858	6,808
• Bureau Veritas	225.2	€19.6	5,041	4,406
• Saint-Gobain	65.8	€36.5	2,817	2,402
Unlisted equity investments and Oranje-Nassau Développement ⁽²⁾			1,783	1,922
Other Wendel and holding company assets and liabilities ⁽³⁾			185	207
Cash and marketable securities ⁽⁴⁾			1,447	1,268
Gross assets, revalued			11,272	10,204
Wendel bond debt and accrued interest			(3,747)	(3,724)
Value of puts issued on Saint-Gobain ⁽⁵⁾			(128)	(157)
Net asset value (NAV)			7,397	6,323
Number of shares in capital			48,733,309	48,764,831
NAV per share			€151.8	€129.7
Average of 20 most recent Wendel share prices			€109.2	€97.1
Premium (discount) on NAV			(28.1%)	(25.1%)

(1) Average of last 20 closing share prices as of August 19, 2014

(2) Unlisted equity investments (Materis, Stahl, and IHS), Oranje-Nassau Développement (NOP, SAHAM, Mecatherm, Parcours, VGG, except), indirect investments and the Kerneos loan

(3) Includes 2,305,442 Wendel treasury shares as of August 19, 2014

(4) Cash and marketable securities owned by Wendel and holding companies. Includes €940 million in cash on hand and €328 million in liquid financial investments.

(5) 6,089,778 puts issued (short position)

Condensed Consolidated Financial Statements H1 2014

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BALANCE SHEET - CONSOLIDATED FINANCIAL POSITION

ASSETS

In millions of euros	Note	06/30/2014	12/31/2013
Goodwill, net	6	2,542.3	2,595.6
Intangible assets, net		1,226.5	1,229.0
Property, plant & equipment, net		1,319.3	1,359.5
Non-current financial assets	9	262.4	215.9
Pledged cash and cash equivalents	8	0.4	6.4
Equity-method investments	7	3,242.0	4,249.2
Deferred tax assets		180.2	184.7
Total non-current assets		8,773.3	9,840.3
Assets of operations held for sale	13	328.0	805.5
Inventories		250.8	259.2
Trade receivables		1,500.6	1,433.7
Other current assets		237.9	207.4
Current income tax assets		71.5	66.1
Other current financial assets	9	449.5	355.1
Cash and cash equivalents	8	1,326.0	758.0
Total current assets		3,836.4	3,079.4
Total assets		12,937.7	13,725.1

The notes to the financial statements are an integral part of the consolidated statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

In millions of euros	Note	06/30/2014	12/31/2013
Share capital		194.9	194.5
Share premiums		116.7	114.6
Retained earnings & other reserves		2,164.7	1,892.7
Net income for the period - Group share		70.3	333.7
		<u>2,546.6</u>	<u>2,535.5</u>
Non-controlling interests		529.2	522.1
Total shareholders' equity	10	3,075.8	3,057.6
Long-term provisions	11	284.6	269.6
Financial debt (non-current portion)	12	6,173.1	6,751.3
Other non-current financial liabilities	9	272.5	230.3
Deferred tax liabilities		427.9	470.6
Total non-current liabilities		7,158.1	7,721.8
Liabilities of operations held for sale	13	117.9	375.2
Short-term provisions	11	7.6	9.4
Financial debt (current portion)	12	1,140.0	1,093.9
Other current financial liabilities	9	58.4	58.6
Trade payables		544.3	549.2
Other current liabilities		760.2	776.4
Current income tax liabilities		75.4	83.1
Total current liabilities		2,585.9	2,570.6
Total liabilities and shareholders' equity		12,937.7	13,725.1

In accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", the assets and liabilities of Chryso, the Admixtures division of Materis, have been reclassified in "Assets and liabilities of operations held for sale" as of June 30, 2014 (see note 2, "Changes in scope of consolidation").

The notes to the financial statements are an integral part of the consolidated statements.

CONSOLIDATED INCOME STATEMENT

In millions of euros	Note	1st half 2014	1st half 2013
Net sales	14	2,786.4	2,693.0
Other income from operations		1.2	3.2
Operating expenses		-2,486.3	-2,402.8
<i>Income from ordinary activities</i>		301.3	293.4
Other operating income and expenses		-61.8	-11.3
<i>Operating income</i>		239.5	282.1
Income from cash and cash equivalents		5.3	4.1
Finance costs, gross		-223.0	-211.1
<i>Finance costs, net</i>	15	-217.7	-206.9
Other financial income and expense	16	11.2	34.9
Tax expense	17	-79.8	-66.3
Net income (loss) from equity-method investments	18	-110.4	331.4
<i>Net income (loss) from continuing operations</i>		-157.2	375.2
Net income from discontinued operations and operations held for sale	19	332.7	25.4
<i>Net income</i>		175.5	400.6
Net income – non-controlling interests		105.2	77.1
<i>Net income – Group share</i>		70.3	323.4
In euros		1st half 2014	1st half 2013
Basic earnings per share (in euros)	20	1.51	6.81
Diluted earnings per share (in euros)	20	1.45	6.64
Basic earnings per share from continuing operations (in euros)	20	-4.93	7.21
Diluted earnings per share from continuing operations (in euros)	20	-4.87	7.03
Basic earnings per share from discontinued operations (in euros)	20	6.44	-0.40
Diluted earnings per share from discontinued operations (in euros)	20	6.32	-0.39

In accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", the contributions of Kerneos, Parex and Chryso, the Aluminales, Mortars and Admixtures divisions of Materis, respectively, have been reclassified to a single line of the income statement, "Net income from discontinued operations and operations held for sale", as follows: Kerneos for the three months from January 1 to March 31, 2014, Parex and Chryso for the six months from January 1 to June 30,

Consolidated income statement

2014 and all three businesses for the six months from January 1 to June 30, 2013 (see note 2, "Changes in scope of consolidation").

The notes to the financial statements are an integral part of the consolidated statements.

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	1st half 2014			1st half 2013		
	Gross amounts	Tax effect	Net amounts	Gross amounts	Tax effect	Net amounts
Items recyclable into net income						
Currency translation reserves (1)	51.0	-	51.0	-192.1	-	-192.1
Gains and losses on qualified hedges	-8.2	3.1	-5.1	-3.2	0.2	-3.0
Gains and losses on assets available for sale	-	-	-	15.6	-	15.6
Earnings previously recognized in shareholders' equity taken to the income statement	9.7	-1.6	8.1	1.6	-	1.6
Items non-recyclable into net income						
Actuarial gains and losses (2)	-31.1	14.0	-17.1	127.9	-43.5	84.4
Income and expenses recognized directly in shareholders' equity (A)	21.5	15.4	36.9	-50.3	-43.3	-93.6
Net income for the year (B)			175.5			400.6
Total income and expenses recognized for the period (A)+(B)			212.4			307.0
Attributable to:						
- shareholders of Wendel			95.0			280.9
- non-controlling interests			117.4			26.0

(1) This line item included €25.8 million from Saint-Gobain (€-75.0 million in H1 2013) and €21.4 million from Bureau Veritas (€-98.9 million in H1 2013).

(2) The main impact was €-24.8 million due to Saint-Gobain (before taxes, Wendel's share), vs. €125.3 million in H1 2013.

The notes to the financial statements are an integral part of the consolidated statements.

CHANGES IN SHAREHOLDERS' EQUITY

In millions of euros	Number of shares outstanding	Capital	Share premiums	Treasury shares	Retained earnings & other reserves	Currency translation adjustments	Group share	Non-controlling interests	Total shareholders' equity
Shareholders' equity as of December 31, 2012	47,806,143	198.2	184.4	-116.0	2,358.5	45.9	2,670.9	617.9	3,288.8
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	79.7	-321.7	-241.9	-127.3	-369.2
Net income for the year (B)					333.7	-	333.7	156.3	490.0
Total income and expenses recognized during the period (A)+(B) (1)					413.5	-321.7	91.8	29.0	120.8
Dividends paid (2)					-83.0		-83.0	-109.8	-192.8
Treasury shares	-12,231			-105.2			-105.2		-105.2
Cancellation of treasury shares	-991,860	-4.0	-74.2	78.2					
Capital increase									
exercise of stock options	50,706	0.2	2.6				2.8		2.8
Company savings plan	28,854	0.1	1.8				1.9		1.9
Share-based payments (incl. equity-method investments)					17.2		17.2	8.7	25.9
Changes in scope of consolidation					-58.0	10.7	-47.3	-51.2	-98.5
Other					-13.7	0.0	-13.7	27.5	13.9
Shareholders' equity as of December 31, 2013	46,881,612	194.5	114.6	-143.0	2,634.5	-265.1	2,535.5	522.1	3,057.6
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	-13.0	37.8	24.8	12.2	36.9
Net income for the year (B)					70.3	-	70.3	105.2	175.5
Total income and expenses recognized during the period (A)+(B) (1)					57.3	37.8	95.0	117.4	212.4
Dividends paid (2)					-86.4		-86.4	-106.6	-193.0
Treasury shares	-414,209			-46.5			-46.5		-46.5
Capital increase									
exercise of stock options	102,668	0.4	2.1				2.6		2.6
Share-based payments (incl. equity-method investments)					9.2		9.2	5.9	15.1
Change in scope of consolidation (3)					35.2	31.1	66.3	-0.2	66.1
Other					-29.1	-	-29.1	-9.4	-38.5
Shareholders' equity as of June 30, 2014	46,570,071	194.9	116.7	-189.5	2,620.6	-196.2	2,546.6	529.2	3,075.8

(1) See "Statement of comprehensive income".

(2) In H1 2014, Wendel paid a dividend of €1.85 per share, for a total of €86.4 million. In H1 2013, Wendel paid a dividend of €1.75 per share, for a total of €83.0 million.

(3) Changes in the scope of consolidation included the impact of Clariant's entry into Stahl's capital, or €58.2 million, Group share (see note 2, "Changes in scope of consolidation"). Changes in the scope of consolidation also included the reversal of €42.4 million in currency translation reserves following the sale of 24 million Saint-Gobain shares.

The notes to the financial statements are an integral part of the consolidated statements.

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	Note	1st half 2014	1st half 2013
Cash flows from operating activities			
Net income		175.5	400.6
Share of net income/loss from equity-method investments		110.4	-331.4
Net income from discontinued operations and operations held for sale		-332.7	-25.4
Depreciation, amortization, provisions and other non-cash items		239.0	174.8
Non-cash income and expense related to stock options and similar items		13.3	11.3
Expenses on investments and divestments		0.1	0.0
Cash flow from companies held for sale		13.2	98.2
Gains/losses on divestments		2.7	2.0
Financial income and expense		206.5	172.1
Taxes (current & deferred)		79.8	66.3
Cash flow from consolidated companies before tax		507.8	568.4
Change in working capital requirement related to operating activities		-132.2	-135.1
Net cash flows from operating activities, excluding tax	5	375.6	433.4
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	21	-233.0	-239.7
Disposal of property, plant & equipment and intangible assets	22	45.2	45.3
Acquisition of equity investments	23	-737.2	-173.9
Disposal of equity investments	24	1,930.0	524.6
Impact of changes in scope of consolidation and of operations held for sale		-24.2	4.6
Changes in other financial assets and liabilities and other	25	-71.5	37.0
Dividends received from equity-method investments and unconsolidated companies	26	0.4	14.8
Change in working capital requirements related to investment activities		7.7	-18.6
Net cash flows from investing activities, excluding tax	5	917.5	193.9
Cash flows from financing activities, excluding tax			
Proceeds from issuance of shares		2.6	0.3
Contribution of non-controlling shareholders		2.2	1.3
Share buybacks			
- Wendel		-46.5	-57.1
- Subsidiaries		-25.3	-57.1
Dividends paid by Wendel		-86.4	-83.0
Dividends paid to non-controlling shareholders of subsidiaries		-106.4	-104.7
New borrowings	27	1,652.1	876.8
Repayment of borrowings	27	-1,882.2	-611.2
Net finance costs		-215.2	-203.3
Other financial income/expense		-1.7	-18.7
Change in working capital requirements related to financing activities		73.0	53.7
Net cash flows from financing activities, excluding tax	5	-633.9	-203.0
Cash flows related to taxes			
Current tax expense		-99.5	-103.9
Change in tax assets and liabilities (excl. deferred taxes)		5.7	21.3
Net cash flows related to taxes	5	-93.8	-82.6
Effect of currency fluctuations		-3.4	-1.6
Net change in cash and cash equivalents		562.0	340.1
Cash and cash equivalents at beginning of period		764.4	849.3
Cash and cash equivalents at end of period	8	1,326.4	1,189.4

The principal components of the consolidated cash flow statement are detailed beginning with note 21.

Details on the cash and cash equivalents accounts and how they are classified on the consolidated balance sheet are provided in note 8, "Cash and cash equivalents".

Cash flows for the first half of 2014 do not include those of Kerneos (Aluminates division of Materis) or Parex (Mortars division of Materis), which were divested during the period (see note 2 "Changes in scope of consolidation"). For Parex, the cash balance of €38.7 million as of December 31, 2013 was reclassified to "Impact of changes in scope of consolidation and of operations held for sale".

The cash flow of Chryso (the Admixtures division of Materis), which is to be divested during the second half of 2014, was retained within each of the cash flow line items. Only the cash balance of €8.2 million as of June 30, 2014 was reclassified to "Impact of changes in scope of consolidation and of operations held for sale".

The notes to the financial statements are an integral part of the consolidated statements.

GENERAL PRINCIPLES

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

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

These condensed consolidated first-half financial statements cover the six-month period from January 1 to June 30, 2014 and are expressed in millions of euros. They include:

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

These financial statements were finalized by Wendel's Executive Board on August 20, 2014.

NOTES

NOTE 1. ACCOUNTING PRINCIPLES

This set of consolidated financial statements for the first half of 2014 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 2013 fiscal year included in the Registration Document filed with the AMF on April 22, 2014 under number D14-0387.

With the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2014, these accounting principles are the same as those used in preparing the consolidated financial statements for the fiscal year ended December 31, 2013. They correspond to the International Financial Reporting Standards as adopted by the European Union, which are available on the European Commission's website:

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

Notes

The following standards and amendments became applicable to the Wendel Group on January 1, 2014:

- IFRS 10 "Consolidated financial statements";
- IFRS 11 "Joint arrangements";
- IFRS 12 "Disclosure of interests in other entities";
- Revised IAS 28, "Investments in associates and joint ventures";
- Amendments to IAS 32, "Offsetting financial assets and financial liabilities";
- Amendments to IAS 36, "Impairment of assets";
- Amendments to IFRS 39, "Novation of Derivatives and Continuation of Hedge Accounting".

The application of these new standards and amendments did not have a material impact on the condensed consolidated first-half 2014 financial statements.

IFRS 10 and 11, related to consolidation and joint arrangements, are to be applied retroactively and have prompted certain operating subsidiaries to change the method of consolidation used for entities that were previously consolidated by the proportional method. These entities are now accounted for by the equity method. The impact on Wendel's net income, Group share, for H1 2013, the comparable period, was not material.

IFRS 10 requires that investment entities value their subsidiaries at fair value through profit or loss rather than consolidating them. These provisions are not applicable to Wendel, because Wendel does not consider itself to be an investment entity as defined by the standard.

Wendel did not opt for early adoption of the new standards, amendments to existing standards and interpretations that were not mandatory for 2014:

- IFRIC 21 "Levies".

Wendel is currently assessing the potential impact of the application of this text on its consolidated financial statements.

NOTE 2. CHANGES IN SCOPE OF CONSOLIDATION

As of June 30, 2014, the Wendel Group was composed of:

- fully-consolidated operating companies: Bureau Veritas (51.6% net of treasury shares), Materis (75.5%), Stahl (75.3%), and companies held by Oranje-Nassau Développement, i.e. Parcours (98.8%), Mecatherm (98.4%), and NOP (97.7%);
- operating companies accounted for by the equity method: Saint-Gobain (11.7% net of treasury shares), IHS (37.5%), and except (28.4% net of treasury shares), which is held by Oranje-Nassau Développement; and
- Wendel and its holding companies.

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

On May 7, 2014, Wendel sold 4.3% of the capital of Saint-Gobain by selling 24 million shares in the market for a net amount of €1,008 million. Wendel remains Saint-Gobain's largest shareholder and its representation on Saint-Gobain's governing bodies remains unchanged: three out of 16 seats on the Board of Directors, one seat on the Financial Statements Committee, one seat on the Strategic Committee and one seat on the Appointments, Compensation and Governance Committee. The agreements Wendel and Saint-Gobain published on May 26, 2011 remain unchanged and in effect until 2021. They govern the principles and objectives of our long-term cooperation and ensure, in particular, that Wendel will have three seats on Saint-Gobain's Board so long as it holds more than 10% of the voting rights of Saint-Gobain. Wendel therefore maintains significant influence over Saint-Gobain and continues to account for its investment by the equity method. The loss on sale of €106.7 million (net of selling costs) was recognized under "Net income from equity-accounted investments".

In addition, Wendel's percentage interest in Saint-Gobain changed as a result of:

- the capital increase reserved for employees;
- stock options exercises;
- the dividend of €1.24 per share paid by Saint-Gobain, which was paid half in cash and half in cash or shares, at the shareholder's option (issue price: €36.89 per share). 71.8% of shareholders chose to receive the dividend in shares. Wendel opted to receive its dividend in shares and sold all of the shares thus received under the terms of a bank financing agreement. As a result of this transaction, Wendel received (post-closing) the equivalent of a dividend in cash (€1.24 per share or €81.6 million) on the shares it held, plus a premium of €4.6 million relating to the financing agreement.

These factors led to a non-material dilution of 0.3% of Wendel's stake in Saint-Gobain, resulting in a €29 million loss recognized under "Net income from equity-accounted investments". This loss related to the difference between the carrying value of the shares on the Group's consolidated balance sheet and the subscription price of the shares issued by Saint-Gobain in these transactions.

As of June 30, 2014, Wendel held 65,812,635 Saint-Gobain shares, representing 11.7% of the capital (net of treasury shares) and 19.4% of the voting rights.

Notes

Note 2 - 1.2 Investment in IHS (mobile telephone infrastructure in Africa)

During H1 2014, IHS carried out two capital increases totalling US\$550 million. Wendel participated up to the amount of its subscription rights, investing an additional US\$199 million. Wendel's total investment in IHS has therefore increased to US\$475 million. These capital increases were carried out at a premium of 30% compared with the subscription price of the previous capital increase in July 2013.

In accordance with the policy of Wendel managers participating in Group investments (see note 4 to the 2013 consolidated statements), 0.5% of the investment was made by Wendel managers.

The purpose of these capital increases is to support the IHS group as it:

- expands across Africa and in particular in Zambia and Rwanda;
- finances its business development plan in the other regions where it is present (Nigeria, Côte d'Ivoire and Cameroon);
- repurchases minority interests in IHS Nigeria after the latter's delisting from the Lagos stock market, which took place at the end of March.

IHS's pan-African expansion should lead to the acquisition of additional towers. In this context, Wendel plans to increase its investment in IHS by around 50%.

With this transaction, Wendel remains IHS's largest shareholder, with more than 35% of the capital.

Note 2 - 1.3 Acquisition of Nippon Oil Pump (design and manufacture of pumps)

In December 2013, Wendel acquired 98% of Nippon Oil Pump. As of December 31, 2013, this investment was classified as a financial asset, because the company's IFRS accounts were not yet available when Wendel's 2013 financial statements were finalized. NOP has thus been fully consolidated since January 1, 2014. Goodwill was allocated to technology (€9.8 million, amortized over 11 years), customer relationships (€18.4 million, amortized over 14 years), inventories (€1.7 million, amortized over H1 2014) and deferred taxes related to these assets (€-11.0 million). Residual goodwill totaled €15.8 million. The definitive allocation of the acquisition price will be determined during the 12 months following the investment, in accordance with IFRS.

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

1. Acquisition by Stahl (high-performance coatings and leather-finishing products) of the Leather Services division of Clariant

Stahl finalized its acquisition of the Leather Services division of Clariant at the end of April 2014. This transaction will enable Stahl to strengthen its offering across the entire leather finishing value chain, notably downstream in Leather Finish and upstream in Wet End, and to further increase its exposure to the Asia Pacific zone. In exchange for the sale of its assets to Stahl, Clariant received:

- a cash payment of around €75 million from Stahl, and

Notes

- 23% of Stahl's share capital. The impact of Wendel's dilution, totaling €58 million, was recognized in shareholders' equity, in accordance with IFRS 3, "Business combinations", inasmuch as Wendel maintains exclusive control over Stahl. This resulted from the difference between:
 - o the fair value of Clariant Leather Services assets received by Wendel (Group share) in exchange for 23% of the shares of Stahl, and
 - o the book value of the portion of Stahl's shareholders' equity transferred to Clariant.

In parallel with the transaction, Stahl implemented new financing of €295 million, maturing in 2019, of which €260 million has been drawn down. These funds were used to refinance Stahl's previous financing, make the cash payment to Clariant and repay €56 million of Stahl's shareholder loans, of which €50 million was paid to Wendel. As of the date of the acquisition, Stahl's net debt represented around 3.0 times the combined EBITDA of Stahl and Clariant Leather Services of the last 12 months.

With this acquisition, Stahl's total sales will rise to €606 million and its EBITDA to €86 million before synergies (combined 2013 figures).

2. Sale by Materis (specialty chemicals for construction) of its Aluminates and Mortars divisions and planned sale of its Admixtures division

Materis sold Kerneos (Aluminates division, 2013 sales of €366 million) at the end of March 2014 and Parex (Mortars division, 2013 sales of €754.5 million) at the end of June 2014. Gross capital gains on these sales were €27 million and €267 million, respectively, and they were recognized in "Income from discontinued operations and operations held for sale". The proceeds from the sale of these two divisions were used to repay Materis' debt.

As part of the sale of Kerneos, Wendel reinvested €60 million in the company in the form of subordinated debt bearing interest at 10.5% and maturing in September 2021. Wendel recognizes this loan under non-current financial assets according to the effective interest method.

During the summer of 2014 (post-closing), Materis received a firm bid from LBO France to acquire the entire capital of its Chryso subsidiary (Admixtures division, 2013 sales of €239.2 million) and has entered exclusive negotiations with a view to finalizing the transaction terms. Subject to the necessary consultations and authorizations, the transaction could be closed in the second half of 2014. It would enable Materis to repay a large portion of the shareholder loan extended by Wendel as part of Materis' refinancing (see note 4-2.3.2, "Materis financial debt: Materis Paints and Chryso").

Following the sales of Kerneos in March 2014, Parex in June 2014 and of Chryso (subject to the necessary authorizations), Materis will have:

- generated total sale proceeds of €1.7 billion;
- reduced its net debt to €275 million, or ca. 4x EBITDA (on a seasonally-adjusted basis); and
- fully refocused its operations on its Paints business.

Wendel plans to maintain its role as an active shareholder supporting the Materis Paints management team and will help drive business expansion over the next few years.

Notes

In accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", the contributions of Kerneos, Parex and Chryso to the consolidated income of Wendel have been reclassified to "Net income from discontinued operations and operations held for sale" for H1 2014 and H1 2013 (presented for comparative purposes). Similarly, all of Chryso's balance sheet items have been reclassified in the line items entitled "Assets of operations held for sale" and "Liabilities of operations held for sale" as of end-June 2014. The H1 2014 consolidated cash flow statement does not include the cash flows of the divested divisions Kerneos and Parex. Chryso's cash balance at the end of the period was reclassified to changes in the scope of consolidation.

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

During the first half of 2014, Bureau Veritas carried out the following acquisitions:

- Maxxam Analytics, the Canadian leader in testing, inspection and certification, with annual sales in the region of C\$245 million;
- Jyutaku, a Japanese company specialized in construction monitoring;
- Quiktrak, a US company specialized in auditing services for automotive inventory and agricultural equipment;
- Andes Control, a Chilean company specialized in chemical testing and analysis for food and environmental safety applications;
- DTI, the leader in the inspection of subsea and well completion equipment used in US offshore drilling operations.

The total acquisition cost was €493 million and the total goodwill recognized on these companies was €216.6 million (incl. €197.7 million for Maxxam).

Subsequent to the closing of the accounts on June 30, 2014, Bureau Veritas finalized its acquisition of two new companies:

- Sistema PRI, a Brazilian company specialized in project management assistance in the construction, infrastructure and energy sectors; and
- Analysts Inc., a US company specialized in the analysis of lubricants.

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

In January 2013, Saint-Gobain signed an agreement with Ardagh to sell Verallia North America, and the sale was finalized on April 11, 2014. Saint-Gobain sold all of the shares of its subsidiary on the basis of an enterprise value of US\$1,694 million (€1,275 million). Given the net goodwill Wendel recognizes on Saint-Gobain and its subsidiaries, the impact of this divestment on Wendel's consolidated earnings is not material.

NOTE 3. RELATED PARTIES

Wendel's related parties are:

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

In early July 2014, Wendel received €81.6 million in dividends from Saint-Gobain, half of which was in the form of Saint-Gobain shares that Wendel then sold (see note 2, "Changes in scope of consolidation").

In accordance with the policy of Wendel managers participating in Group investments, the management team (including the Executive Board) has co-invested 0.5% of the amounts invested in IHS during H1 2014 (see note 2, "Changes in scope of consolidation").

There were no other significant changes during the period in transactions with related parties as detailed in note 3 to the 2013 consolidated financial statements.

NOTE 4. MANAGING FINANCIAL RISKS

The management of financial risks (equity, liquidity, interest-rate, credit, currency and commodities risks) is presented in note 5 to the 2013 consolidated financial statements. The principal financial risks as of June 30, 2014 are described in the following notes:

Note 4 - 1. Equity market risk

Equity market risk relates to:

- Consolidated and equity-method shares, whose "recoverable values" used for impairment tests are based on market parameters, including, and depending on the case, the discount rate used in calculating "value in use" or the market price used in calculating "fair value" (see the impairment tests as of June 30, 2014 in Saint-Gobain and except shares in note 7, "Equity-method investments");
- €100 million in Saham shares recognized as assets available for sale. Their value is subject to changes in this company's business and in the benchmark companies used to determine its valuation, in particular the multiples of peer-group companies. Any change in value is recognized in shareholders' equity. Nevertheless, a significant or lasting decline in value would require that an impairment charge be recognized in the income statement. This charge could not be reversed through the income statement in the event of divestment. As of June 30, 2014, these shares were valued at their subscription price, because the investment was recent (November 2013);
- The puts issued (written) on Saint-Gobain shares, which are recognized at their fair value on the balance sheet. When Saint-Gobain's share price declines, the liability related to these puts increases, generating a loss in the income statement, and vice-versa. As an indication, as of June

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- 30, 2014, a +/-5% change in the price of Saint-Gobain's shares would have an impact of about +/- €11 million on the income statement (see note 9-4 "Put options issued (written) on Saint-Gobain shares");
- Short-term financial investments indexed to the equity markets, the total value of which was €62 million as of June 30, 2014. Such investments are classified under current financial assets, and any change in their fair value is recognized on the income statement. A +/-5% variation in the equity markets would have an impact of about +/-€3 million on the value of these investments and on the income statement;
 - The covenants under Wendel's syndicated credit facility. These covenants are based on ratios of financial debt to the value of assets and are described in note 5-2 to the 2013 consolidated financial statements, "Managing liquidity risk". As of June 30, 2014, this facility was undrawn and Wendel was in compliance with these covenants.
 - The degree of financial leverage of Wendel and its holding companies (i.e. net debt/assets), a key indicator of the cost of bond financing (and in some cases, bank financing), which Wendel may seek to access. This indicator is also monitored by Standard & Poor's, which has been mandated by Wendel to rate its financial structure and bond borrowings (see note 4-2 "Liquidity risk").

(in millions of euros)	Impact on net income							
	Net book value (Group share)	Market value (closing share price)	Impact on market value of a 5% decline in share prices	Balance sheet note	of a +/-5% change in share price	of a discount rate applied to the value of future cash flows	of a +/-0.5% change in perpetual growth rate used to calculate discounted future cash flows	of a 1% reduction in the normative margin used to discount cash flows in post- business-plan periods
Equity-method investments								
Saint-Gobain	2,869.5	2,711.8	-135.6	7	N/A ⁽¹⁾	+292 / -273	+292 / -189	-434
Oranje-Nassau Développement - except	55.0	33.1	-1.7	7	N/A ⁽¹⁾	0 / -1	0 / 0	-1
- IHS	310.5	N/A	N/A	7	(2)			
Consolidated investments								
Bureau Veritas	1,010.5	4,564.3	-228.2		0	N/A ⁽⁴⁾		
Materis	-234.1	N/A	N/A					
Shareholder loan (3)	<u>328.8</u>							
	94.7				N/A	N/A ⁽⁴⁾		
Stahl	122.8	N/A	N/A		N/A	N/A ⁽⁴⁾		
Oranje-Nassau Développement - Parcours	139.3	N/A	N/A		N/A	N/A ⁽⁴⁾		
- Mecatherm (incl. liquidity line)	123.0	N/A	N/A		N/A	N/A ⁽⁴⁾		
- NOP	23.2	N/A	N/A		N/A	N/A ⁽⁴⁾		
Financial instruments								
Puts issued (written) on Saint-Gobain	-129	-129	-11	9	+/-11	N/A	N/A	N/A
Financial assets								
Investment in Saham	100.0	N/A	N/A	9	(2)			
Short-term financial investments indexed to the equity markets	61.7	61.7	-3.1		+/-3.1	N/A	N/A	N/A

- (1) Impairment tests are based on value in use (discounted future cash flows). See note 7 "Equity-accounted investments".
- (2) No impairment test was carried out because the investment is recent.
- (3) Eliminated on consolidation.

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(4) As there was no indication of a loss in value, no test was performed as of June 30, 2014 on these cash generating units. The annual test required under IFRS will be performed at the year-end closing.

Note 4 - 2. Liquidity risk

Note 4 - 2.1 Liquidity risk of Wendel and the holding companies

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

1. Cash and short-term financial investments as of June 30, 2014

As of June 30, 2014, cash and short-term financial investments held by Wendel and its holding companies (excluding operating subsidiaries) were as follows:

In millions of euros	06/30/2014
Money-market mutual funds	841
Bank accounts and bank certificates of deposit	240
Total recognized under cash and cash equivalents	1,081
Diversified, equity and bond funds	68
Funds managed by financial institutions	260
Total recognized under current financial assets	327
Total cash and short-term financial investments	1,409

2. Debt position as of June 30, 2014

As of June 30, 2014, gross debt (excl. operating subsidiaries) was composed of €3,628 million in Wendel bonds with maturities ranging from November 2014 to January 2021 (see details in note 12 "Financial debt"). As of the end of June 2014, the average maturity of this debt was 3.2 years.

Available, undrawn lines totaled €2,100 million as of end-June 2014 and were composed of:

- A €600 million syndicated credit facility maturing in May 2018. Wendel was in compliance with the applicable covenants as of June 30, 2014; and
- Bank debt with margin calls (Saint-Gobain shares, Bureau Veritas shares and cash) totaling €1,500 million, including €700 million maturing in 2017 and €800 million in 2020.

These lines enable Wendel to ensure repayment of the closest maturities and have enough flexibility to take advantage of investment opportunities.

Notes

The principal trends in the first half of 2014 were as follows:

- In January 2014, Wendel issued €400 million in new bonds, maturing in 2021 (seven years) with a coupon of 3.75%. Bond issuance costs have been deferred using the effective interest method;
- Wendel continued to gradually repurchase 2014, 2015 and 2016 bonds, whose outstanding par values were €31.5 million, €20.9 million, and €6 million, respectively. The difference between the par value and the repurchase price, or €-2.3 million, was recognized under net financial income (other financial income and expense);
- Wendel paid off the remaining €425 million financing Saint-Gobain shares (2016-17 maturities) and cancelled its €450 million undrawn credit line with margin calls (2016-17 maturities);
- Wendel implemented a new, €800 million revolving credit line with margin calls, maturing in 2020 (six years).

Overall, these transactions had the effect of extending the average maturity of the Group's financing and adjusting it to Wendel's future needs.

Steady improvement in Wendel's financial structure has enabled it to return to investment grade status in July 2014. Standard & Poor's upgraded its long-term rating for Wendel from BB+ to BBB- with a "stable" outlook. The short-term rating is A-3.

The principal features of Wendel's financing agreements, the methods used to calculate compliance under the financial covenants of the syndicated facility (undrawn as of June 30, 2014) and the procedures for margin calls under the bank credit lines (undrawn as of June 30, 2014) are described in note 5 to the 2013 consolidated financial statements.

3. Wendel's liquidity outlook

Wendel's liquidity risk for the 12 months following the June 30, 2014 closing is low, given the high level of cash and short-term financial investments and the undrawn available credit lines.

Note 4 - 2.2 Liquidity risk of operating subsidiaries

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

Debt of operating subsidiaries and associates is without recourse to Wendel. As such, these subsidiaries' liquidity risk affects Wendel only when Wendel chooses to accept it. Wendel has no legal obligation to support those of its operating subsidiaries and associates that might experience cash flow difficulties. Similarly, they have no mutual support obligation between them. As a result, Wendel's liquidity is affected only if Wendel decides to contribute cash to an operating subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel's own liquidity, additional investment in other subsidiaries, and new investments. Wendel also extended a €5 million liquidity line to Mecatherm and provided a guarantee of €15 million to Mecatherm's lenders in return for the easing of its financial covenants

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(see note 4-2.3.5 "Mecatherm financial debt"). In addition, as part of the Materis refinancing, Wendel granted a shareholder loan of €150 million to Materis (see note 4-2.3.2, "Materis financial debt: Materis Paints and Chryso"). Proceeds from the sale of Chryso could be used to repay most of this shareholder loan (see note 2 "Changes in scope of consolidation"). Changes in the economic and financial situation of subsidiaries can also have an impact on Wendel's liquidity via the amount of dividends they pay to Wendel. Similarly, changes in the economic and financial situation of subsidiaries has an impact on their value. This is taken into account in calculating Wendel's financial leverage (see note 5-2.1.2.2 "Managing debt" of Wendel and its holding companies in the 2013 consolidated financial statements).

Note 4 - 2.3 Financial debt of operating subsidiaries – documentation and covenants

1. Bureau Veritas financial debt

This debt is without recourse to Wendel.

As of June 30, 2014, Bureau Veritas' gross financial debt was €2,156.1 million, and its cash balance was €176.8 million. Debt increased during the period principally to finance acquisitions carried out in H1 2014 and in particular Maxxam.

Undrawn amounts on facilities in place broke down as follows:

- US\$75 million, or half of the unconfirmed, available amount, was drawn down in 2013 under a US private placement facility;
- €80 million was drawn down under a €450 million syndicated credit facility maturing in 2019. As of June 30, 2014, €210 million was available, given that €160 million was utilized in the commercial paper program.

As of June 30, 2014, the same financial covenants were applicable as those in force as of December 31, 2013. Wendel was in compliance with these covenants as of both June 30, 2014 and December 31, 2013.

2. Materis financial debt: Materis Paints and Chryso

This debt is without recourse to Wendel.

As of June 30, 2014, Materis' bank debt totalled €574 million and its cash balance totalled €27 million (including Chryso, reclassified in assets of operations held for sale). In H1 2014, the proceeds from the sale of Kerneos and Parex (see note 2, "Changes in scope of consolidation") were allocated to paying down Materis' debt. Similarly, as a result of these sales, the €50 million credit facility granted by Wendel, of which €20 million was outstanding, was cancelled and repaid in accordance with the loan agreements.

On August 13, 2014 (post-closing), Materis carried out two separate refinancing transactions on Materis Paints and Chryso, involving:

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- a seven-year senior bullet term loan (€267 million for Materis Paints and €165 million for Chryso);
- a six-year revolving credit facility (€72 million for Materis Paints and €38 million for Chryso) to finance the companies' working capital requirement, acquisitions and capital expenditures;
- incremental uncommitted facilities of €88 million for Materis Paints and €42 million for Chryso to finance acquisitions and capital expenditures.

This refinancing, based on moderate leverage of ca. 4x EBITDA for Materis Paints and ca. 4.5x EBITDA for Chryso (on a seasonally-adjusted basis), gives both companies the flexibility to ramp up their growth strategies.

Wendel has decided to provide additional backing through a €150 million shareholder loan to Materis. Proceeds from the sale of Chryso, for which Materis has received a firm offer, could be used to repay most of this loan (see note 2, "Changes in scope of consolidation").

After refinancing, the Materis group will be subject to the following covenants:

- As of December 31, 2014, Materis Paints' adjusted LTM EBITDA to net cash interest expense must be greater than 2.16 and Chryso's must be greater than 2.04. These minimums rise to 2.70 and 2.71, respectively in 2018, and the test is quarterly;
- As of December 31, 2014, Materis Paints' consolidated net debt (excluding shareholders' loan) to adjusted LTM EBITDA must be less than 5.47 and Chryso's must be less than 6.21. These ceilings decline to 3.75 in 2019, and the test is quarterly;

Under this refinancing, the two divisions of Materis have headroom of ca. 30% on the quarterly net debt/EBITDA and EBITDA/cash interest expense covenants.

The documentation related to the debt of Materis Paints and Chryso contain the standard restrictions for this type of credit line. Certain transactions, such as asset divestments, granting collateral, acquisitions, additional debt or payment of dividends are prohibited, restricted, or require prior approval of the lending banks.

3. Stahl financial debt

This debt is without recourse to Wendel.

As of June 30, 2014, the gross face value of Stahl's bank debt was €263.6 million (including accrued interest, and excluding issuance costs). Its cash balance was €33.4 million.

As part of the acquisition of the Leather Services division of Clariant, Stahl has refinanced its debt (see note 2, "Changes in scope of consolidation"). The new financing is bank debt with an overall available amount of €295 million, maturing in 2019, half of which is amortizable. The covenants are as follows:

- consolidated net debt to LTM EBITDA must be less than or equal to 3.38 as of December 31, 2014 (this ceiling falls to 2 on December 31, 2016). This ratio is tested quarterly;
- LTM EBITDA to net interest expense paid must be greater than or equal to 4.37 as of December 31, 2014. This minimum rises to 6 on June 30, 2016. This ratio is calculated on a rolling 12-month basis and is tested quarterly;

The covenants will be tested beginning on December 31, 2014.

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The documentation related to Stahl's debt contain the standard restrictions for this type of 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 from the lending banks.

4. Parcours financial debt

This debt is without recourse to Wendel.

As of June 30, 2014, Parcours' gross bank debt was €481.3 million. It consisted essentially of credit lines used to finance the vehicles leased to customers. These credit lines are provided by around 25 financial institutions and no single bank extends more than 25% of total outstandings. Every year, the Parcours group negotiates an annual drawdown limit with each of its banking partners, which it can use to finance the purchase of vehicles it leases under new contracts. Parcours draws down when it purchases the vehicles and repays the loans linearly over 36 months. Certain lines are fully or partially collateralized by the financed vehicles and/or by the lease payments. In addition, part of the debt is subject to annually-calculated financial ratios (net financial debt/shareholders' equity, financial debt/EBITDA, financial debt/cash flow, financial debt/PP&E, net interest expense/EBITDA). As of December 31, 2013 Parcours was in compliance with these financial ratios.

5. Mecatherm financial debt

This debt is without recourse to Wendel.

As of June 30, 2014, the gross face value of Mecatherm's debt was €61.2 million (including accrued interest, non-recourse discounting, and a €5m liquidity line granted by Wendel, and excluding issuance costs). Its cash balance was €7.4 million.

Given the particularly volatile economic context in recent years, Mecatherm and its bank lenders agreed to extend the suspension of covenant tests until December 2014. As part of this agreement, Wendel committed to providing a €5 million liquidity line to enable Mecatherm to finance its general corporate needs, and to grant a €15 million on-demand guarantee to the banks to cover the servicing of Mecatherm's bank debt until December 31, 2014.

6. NOP financial debt

This debt is without recourse to Wendel.

As of end-June 2014, the gross face value of NOP's bank debt was JPY 4.8 billion (€34.6 million). Its cash balance was JPY 1 billion (€6.9 million). Almost one-third of the bank debt will be amortized between now and 2019, and the remaining two-thirds are repayable at maturity in 2019. The financial covenants specify a minimum level of shareholders' equity and stipulate that net income cannot be

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negative for two consecutive years. NOP was in compliance with these covenants as of December 31, 2013.

Note 4 - 3. Interest rate risk

As of June 30, 2014, the Wendel group (Wendel, its holding companies and fully-consolidated operating subsidiaries) had only limited exposure to interest rates.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	5.3		2.0
Cash and short-term financial investments (1)	-0.3		-1.3
Impact of derivatives	0.6	1.1	-1.7
Interest-rate exposure	5.5	1.1	-1.0
	98%	20%	-18%

(1) Excluding €0.1 billion in short-term 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, 2014 during which they will hedge interest-rate risk.

Also as of December 31, 2013, the Wendel Group (Wendel, its holding companies, and fully-consolidated operating subsidiaries, except for Kerneos which was classified under operations held for sale) had only limited exposure to interest rates.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	4.5		3.3
Cash and short-term financial investments (1)	-0.3		-0.8
Impact of derivatives	0.6	1.6	-2.2
Interest-rate exposure	4.8	1.6	0.4
	71%	23%	6%

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

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 2013 during which they hedged interest-rate risk.

Derivatives covering interest rate risk are described in note 9, "Financial assets and liabilities".

Given that Wendel holds a high volume of cash and short-term financial investments following the sale of a block of Saint-Gobain shares, a +100 basis point change in the interest rates to which the Group's interest rate exposure is indexed would have an impact of ca. €+5 million (€-11 million as of December 31, 2013) on net finance costs before tax over the 12 months after June 30, 2014, based on net

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financial debt as of June 30, 2014, interest rates on that date and the maturities of existing interest-rate hedging derivatives. Given the historically low yield curve, the sensitivity of net finance costs before tax is presented in the scenario of an interest rate rise only.

Note 4 - 4. Foreign exchange risk

Note 4 - 4.1 Wendel

As of June 30, 2014, Wendel held €34 million in cash and short-term financial investments denominated in US dollars. These financial assets were measured at their fair value. A 5% decline in the value of the US dollar compared with the euro would have an impact of €-2 million on Wendel's income statement.

Bureau Veritas and Stahl operate in several countries and, as a result, derive a share of their earnings in currencies other than the euro, in particular the US dollar and currencies pegged to it. The impact on Wendel's consolidated financial statements of foreign exchange risk on other investments is not material.

Note 4 - 4.2 Bureau Veritas

Bureau Veritas operates internationally and is consequently exposed to the risk of variations in several foreign currencies.

During H1 2014, more than two-thirds of Bureau Veritas' net sales were in currencies other than the euro, including 12% in US dollars, 7% in Chinese yuans, 5% in Australian dollars, 4% in Hong Kong dollars and 3% in Brazilian reals. No other currency individually accounted for more than 5% of Bureau Veritas' net sales. This trend is a result of the strong growth of Bureau Veritas' businesses outside the euro zone, in Asia and notably in the US and in dollar-zone currencies.

A 5% fluctuation in the euro against the US dollar would have had an impact of 0.6% on Bureau Veritas' H1 2014 operating income. A 5% fluctuation against the Australian dollar would have had a 0.05% impact; a 5% fluctuation against the Chinese yuan would have had a 0.7% impact; a 5% fluctuation against the Brazilian real would have had a 0.15% impact; and a 5% fluctuation against the Hong Kong dollar would have had a 0.3% impact.

Finally, the impact on income before tax of a +/-1% fluctuation in the US dollar on USD-denominated financial assets and liabilities held by Bureau Veritas entities having a non-USD operating currency would have been +/-€1.5 million.

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Note 4 - 4.3 Stahl

In H1 2014, 53% of Stahl's net sales were in currencies other than the euro, including 8% in US dollars, 12% in Singapore dollars, 5% in Brazilian reals and 7% in Indian rupees. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of +/-1.2% on Stahl's H1 2014 income from ordinary activities before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), or less than €1 million. In addition, Stahl has financial debt of about €211 million, denominated in US dollars and carried by a company whose functional currency is the euro. Therefore, in the event of a +/-5% fluctuation in the US dollar's value against the euro, a translation impact of about +/-€11 million would be recognized in net financial expense.

Note 4 - 5. Credit risk

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

The cash and financial investments of Wendel and its holding companies are placed essentially with top-ranking financial institutions. However, given the high amount of cash and short-term financial investments as of June 30, 2014 (see note 4-2, "Liquidity risk"), significant amounts could be placed with the same financial institution.

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

Note 4 - 6. Commodity risk

Certain of the Group's investments are exposed to the risk of changes in commodity prices.

Materis Paints purchased around €169 million of raw materials in H1 2014. A 10% increase in the price of the raw materials used by Materis Paints would have led to a theoretical increase in the cost of these raw materials of around €17 million on a half-year basis. Materis Paints nevertheless considers that, circumstances allowing, a short-term increase in the sales price of its products would compensate for the overall effect of such raw material price increases. Materis Paints continually works to optimize its purchases by approving new suppliers, and by developing new formulations for its products.

Stahl purchased around €119 million of raw materials in H1 2014. A 10% increase in the price of the raw materials used by Stahl would have led to a theoretical increase in the cost of these raw materials of around €12 million on a half-year basis. Stahl nevertheless considers that, circumstances allowing, a short-term increase in the sales price of its products would compensate for the overall effect of such raw material price increases. Stahl did not enter into any contracts to hedge movements in raw material prices during H1 2014.

NOTE 5. SEGMENT INFORMATION

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

Net income from business sectors

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

- "Net income from investments" is defined as the net income of companies under exclusive control (full consolidation: Bureau Veritas, Materis, Stahl, as well as Parcours, Mecatherm and NOP held by Oranje-Nassau Développement); and Wendel's share in the net income of investments accounted for under the equity method (Saint-Gobain and IHS, as well as except, held by Oranje-Nassau Développement) before non-recurring items and the impact of goodwill allocations;
- The net income of holding companies incorporates the general and administrative expenses of Wendel and its holding companies, the cost of the net borrowings put in place to finance Wendel and its holding companies, and the tax expense and income connected with these items. The amounts shown are those recognized at the level of Wendel and all of its consolidated financial holding companies (excluding acquisition holding companies and operating subsidiaries).

Non-recurring income

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

- capital gains and losses from the divestment of assets;
- restructuring costs considered exceptional;
- exceptional legal disputes, notably those that are not linked to operating activities;
- interest income and expenses on shareholder loans, as these are linked to the structure of the financial instruments used to invest in the subsidiaries and associates. These items do not usually give rise to a settlement in cash prior to divestment. The tax impact related to these items is considered recurring inasmuch as it has a structural impact on the tax to be paid;
- changes in “fair value”;

- impairment losses on assets, and in particular on the value of goodwill;
- currency impact on financial liabilities;
- financial restructuring expenses and the income and expenses related to extinguishing debt;
- any other significant item unconnected with the recurring operations of the Group.

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 & equipment;
- intangible assets, including brands and contracts;
- the related deferred taxes.

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

Note 5 - 1. Income statement by operating segment for H1 2014

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Equity-method investments		Holding companies	Total Operations
					Saint-Gobain	IHS		
Net income from business sectors								
Net sales	1,967.4	⁽²⁾ 382.8	217.5	218.8			-	2,786.4
EBITDA	N/A	⁽²⁾ 31.4	39.2	N/A				
Adjusted operating income (1)	310.0	18.0	33.7	21.0				
Other recurring operating items	-	-1.0	-0.5	-0.5				
Operating income	310.0	17.0	33.1	20.6			-26.7	354.1
Finance costs, net	-37.4	-46.3	-5.9	-5.3			-100.0	-194.9
Other financial income and expense	-3.0	-1.5	-	-0.2				-4.7
Tax expense	-85.1	-1.9	-7.5	-7.4			-0.1	-101.9
Share in net income of equity-method investments	0.0	-	0.1	0.9	70.0	-9.3	-	61.7
Net income from discontinued operations and operations held for sale	-	47.6	-	-	-	-	-	47.6
Recurring net income from business sectors	184.5	15.0	19.9	8.6	70.0	-9.3	-126.8	161.9
Recurring net income from business sectors – non-controlling interests	93.0	1.7	3.5	0.1	-	-0.0	-	98.3
Recurring net income from business sectors - Group share	91.5	13.3	16.4	8.5	70.0	-9.3	-126.8	63.6
Non-recurring income								
Operating income	-38.0	-9.6	-30.4	-6.6	-	-	-29.9	-114.5
Net financial income	-0.0	-38.7	-4.4	0.2	-	-	36.0	-6.9
Tax expense	10.4	5.3	4.3	2.1	-	-	-	22.1
Share in net income of equity-method investments	-	-	-	-1.5	-63.1	-0.8	⁽³⁾ -106.7	-172.1
Net income from discontinued operations and operations held for sale	-	284.8	-	-	-	-	0.3	285.1
Non-recurring net income	-27.5	241.8	-30.5	-5.8	-63.1	-0.8	-100.4	13.6
of which:								
- Non-recurring items	-0.3	⁽⁴⁾ 243.8	-23.9	-1.2	-5.4	-0.8	-100.4	111.8
- Impact of goodwill allocation	-25.8	-2.0	-6.7	-4.5	-4.4	-	-	-43.4
- Asset impairment	-1.5	-	-	-	-53.3	-	-	-54.7
Non-recurring net income – non-controlling interests	-13.3	23.2	-2.9	-0.1	-	-0.0	0.1	7.0
Non-recurring net income – Group share	-14.2	218.6	-27.6	-5.7	-63.1	-0.8	-100.6	6.7
Consolidated net income	156.9	256.8	-10.6	2.9	6.9	-10.2	-227.2	175.5
Consolidated net income – non-controlling interests	79.6	24.9	0.6	0.0	-	-0.0	0.1	105.2
Consolidated net income – Group share	77.3	231.9	-11.2	2.8	6.9	-10.1	-227.3	70.3

- (1) Before the impact of goodwill allocation, non-recurring items and management fees.
- (2) Excluding Materis holding company fees and transactions with divisions held for sale, the Materis Paints division's H1 2014 sales totaled €383.3 million and its EBITDA €37.0 million.
- (3) Represents the loss on the sale of 24 million Saint-Gobain shares.
- (4) Includes a €27.5 million gain on the sale of Kerneos and a €266.5 million gain on the sale of Parex.

The contribution of Oranje-Nassau Développement to the H1 2014 income statement by operating segment broke down as follows:

In millions of euros	Parcours	Mecatherm	NOP	exceet	Oranje-Nassau Développement
Net income from business sectors					
Net sales	163.8	36.9	18.1	-	218.8
EBITDA	N/A	3.4	2.9	-	
Adjusted operating income (1)	16.1	2.8	2.2	-	21.0
Other recurring operating items	-0.1	-0.3	-0.1	-	-0.5
Operating income	15.9	2.5	2.2	-	20.6
Finance costs, net	-3.6	-1.5	-0.3	-	-5.3
Other financial income and expense	0.0	-0.2	-	-	-0.2
Pre-tax income, including management fees	12.4	N/A	N/A	-	
Tax expense	-6.0	-0.6	-0.7	-	-7.4
Share in net income of equity-method investments	-	-	-	0.9	0.9
Net income from discontinued operations and operations held for sale	-	-	-	-	-
Recurring net income from business sectors	6.3	0.2	1.2	0.9	8.6
Recurring net income from business sectors – non-controlling interests	0.1	0.0	0.0	-	0.1
Recurring net income from business sectors - Group share	6.3	0.2	1.2	0.9	8.5
Non-recurring income					
Operating income	-2.9	-0.7	-3.0	-	-6.6
Net financial income	-0.0	0.2	-	-	0.2
Tax expense	0.8	0.2	1.1	-	2.1
Share in net income of equity-method investments	-	-	-	-1.5	-1.5
Net income from discontinued operations and operations held for sale	-	-	-	-	-
Non-recurring net income	-2.1	-0.3	-1.9	-1.5	-5.8
of which:					
- Non-recurring items	-1.0	0.1	-0.1	-0.2	-1.2
- Impact of goodwill allocation	-1.1	-0.4	-1.8	-1.3	-4.5
- Asset impairment	-	-	-	-	-
Non-recurring net income – non-controlling interests	-0.0	-0.0	-0.0	-	-0.1
Non-recurring net income – Group share	-2.1	-0.3	-1.8	-1.5	-5.7
Consolidated net income	4.2	-0.1	-0.7	-0.6	2.9
Consolidated net income – non-controlling interests	0.1	-0.0	-0.0	-	0.0
Consolidated net income – Group share	4.2	-0.1	-0.7	-0.6	2.8

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

Note 5 - 2. Income statement by operating segment for H1 2013

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Equity-method investments			Holding companies	Total Operations
					Saint-Gobain	Legrand	IHS		
Net income from business sectors									
Net sales	1,957.5	378.1	175.7	181.8				-	2,693.0
EBITDA	N/A	27.4	30.3	N/A					
Adjusted operating income (1)	313.2	16.3	25.4	15.2					
Other recurring operating items	-	-1.0	-0.6	-0.4					
Operating income	313.2	15.3	24.8	14.8				-23.5	344.6
Finance costs, net	-31.6	-53.8	-6.0	-4.9				-98.9	-195.2
Other financial income and expense	-2.1	-1.2	-	-0.2				-	-3.5
Tax expense	-80.8	1.9	-5.6	-3.5				0.4	-87.6
Share in net income of equity-method investments	-0.1	0.0	0.1	0.8	71.5	13.8	-3.0	-	83.2
Net income from discontinued operations and operations held for sale	-	46.1	-	-	-	-	-	-	46.1
Recurring net income from business sectors	198.6	8.3	13.3	7.0	71.5	13.8	-3.0	-122.0	187.6
Recurring net income from business sectors – non-controlling interests	99.8	1.8	1.0	0.3	-	-	-	-	102.9
Recurring net income from business sectors - Group share	98.8	6.5	12.3	6.8	71.5	13.8	-3.0	-122.0	84.7
Non-recurring income									
Operating income	-36.5	-15.1	-6.5	-2.6	-	-	-	-1.7	-62.4
Net financial income	-0.0	-19.5	-5.2	0.3	-	-	-	50.9	26.6
Tax expense	10.0	4.1	6.5	0.8	-	-	-	-	21.3
Share in net income of equity-method investments	-	-	-	-0.3	-118.3	-2.2	-	369.0	248.2
Net income from discontinued operations and operations held for sale	-	-20.7	-	-	-	-	-	-	-20.7
Non-recurring net income	-26.5	-51.2	-5.2	-1.8	-118.3	-2.2	-	418.2	213.0
of which:									
- Non-recurring items	-3.5	-32.3	-1.7	1.2	⁽²⁾ -85.3	-1.7	-	⁽³⁾ 418.2	294.8
- Impact of goodwill allocation	-23.0	-10.4	-3.5	-3.0	-14.1	-0.5	-	-	-54.5
- Asset impairment	-	-8.5	-	-	-18.8	-	-	-	-27.3
Non-recurring net income – non-controlling interests	-12.9	-12.5	-0.4	-0.1	-	-	-	0.1	-25.8
Non-recurring net income – Group share	-13.6	-38.7	-4.8	-1.8	-118.3	-2.2	-	418.2	238.8
Consolidated net income	172.1	-42.9	8.1	5.2	-46.7	11.6	-3.0	296.2	400.6
Consolidated net income – non-controlling interests	86.9	-10.7	0.6	0.2	-	-	-	0.1	77.1
Consolidated net income – Group share	85.1	-32.2	7.5	5.0	-46.7	11.6	-3.0	296.2	323.4

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

(2) Includes impact of dilution on the Saint-Gobain investment (€-88.9 million)

(3) Includes gain on the sale of Legrand shares (€369.0 million)

The contribution of Oranje-Nassau Développement to the H1 2013 income statement by operating segment broke down as follows:

In millions of euros	Parcours	Mecatherm	exceet	Oranje-Nassau Développement
Net income from business sectors				
Net sales	149.7	32.1	-	181.8
EBITDA	N/A	3.2	-	
Adjusted operating income (1)	N/A	2.5	-	
Other recurring operating items	-0.1	-0.3	-	-0.4
Operating income	12.5	2.3	-	14.8
Finance costs, net	-3.1	-1.9	-	-4.9
Other financial income and expense	-	-0.2	-	-0.2
Pre-tax income, including management fees	9.5	N/A		
Tax expense	-3.6	0.1	-	-3.5
Share in net income of equity-method investments	-	-	0.8	0.8
Net income from discontinued operations and operations held for sale	-	-	-	-
Recurring net income from business sectors	5.9	0.3	0.8	7.0
Recurring net income from business sectors – non-controlling interests	0.3	0.0	-	0.3
Recurring net income from business sectors - Group share	5.6	0.3	0.8	6.8
Non-recurring income				
Operating income	-1.9	-0.7	-	-2.6
Net financial income	-	0.3	-	0.3
Tax expense	0.6	0.1	-	0.8
Share in net income of equity-method investments	-	-	-0.3	-0.3
Net income from discontinued operations and operations held for sale	-	-	-	-
Non-recurring net income	-1.3	-0.2	-0.3	-1.8
of which:				
- Non-recurring items	-	0.2	1.0	1.2
- Impact of goodwill allocation	-1.3	-0.4	-1.3	-3.0
- Asset impairment	-	-	-	-
Non-recurring net income – non-controlling interests	-0.1	-0.0	-	-0.1
Non-recurring net income – Group share	-1.2	-0.2	-0.3	-1.8
Consolidated net income	4.6	0.1	0.5	5.2
Consolidated net income – non-controlling interests	0.2	0.0	-	0.2
Consolidated net income – Group share	4.4	0.1	0.5	5.0

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

Note 5 - 3. Balance sheet by operating segment as of June 30, 2014

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Saint-Gobain	IHS	Wendel and holding companies	Consolidated
Goodwill, net	2,136.1	205.1	46.8	154.4	-	-	-	2,542.3
Intangible assets, net	811.1	207.6	99.7	108.0	-	-	0.1	1,226.5
Property, plant & equipment, net	443.9	94.1	143.8	625.1	-	-	12.4	1,319.3
Non-current financial assets	53.4	6.5	1.5	5.1	-	-	196.0	262.4
Pledged cash and cash equivalents	-	-	-	-	-	-	0.4	0.4
Equity-method investments	2.6	0.3	2.5	55.0	2,869.5	312.1	-	3,242.0
Deferred tax assets	129.0	30.5	11.1	7.7	-	-	1.8	180.2
Total non-current assets	3,576.1	544.2	305.5	955.3	2,869.5	312.1	210.7	8,773.3
Assets and operations held for sale	-	327.1	0.9	-	-	-	-	328.0
Inventories and work-in-process	15.1	105.6	87.4	42.8	-	-	-	250.8
Trade receivables	1,093.3	186.8	127.5	92.8	-	-	0.3	1,500.6
Other current assets	152.9	50.0	17.4	12.3	-	-	5.3	237.9
Current income tax liabilities	50.9	-	4.8	1.5	-	-	14.4	71.5
Other current financial assets	5.9	-	-	-	-	-	443.6	449.5
Cash and cash equivalents	176.8	18.6	33.4	16.3	-	-	1,080.9	1,326.0
Total current assets	1,494.9	361.0	270.5	165.6	-	-	1,544.4	3,836.4
Total assets								12,937.7
Shareholders' equity - Group share								2,546.6
Non-controlling interests								529.2
Total shareholders' equity								3,075.8
Long-term provisions	202.8	30.5	13.9	8.8	-	-	28.6	284.6
Financial debt (non-current portion)	1,933.3	518.6	236.5	287.2	-	-	3,197.5	6,173.1
Other non-current financial liabilities	22.9	0.2	-	4.2	-	-	245.3	272.5
Deferred tax liabilities	220.7	145.3	16.7	45.2	-	-	0.0	427.9
Total non-current liabilities	2,379.6	694.6	267.1	345.4	-	-	3,471.3	7,158.1
Liabilities held for sale	-	117.9	-	-	-	-	-	117.9
Short-term provisions	-	2.1	0.3	5.1	-	-	-	7.6
Financial debt (current portion)	222.8	77.0	19.9	283.0	-	-	537.3	1,140.0
Other current financial liabilities	44.2	-	12.9	-	-	-	1.3	58.4
Trade payables	257.4	123.6	65.7	87.8	-	-	9.9	544.3
Other current liabilities	550.1	109.7	41.9	42.5	-	-	16.0	760.2
Current income tax liabilities	72.7	-1.5	2.9	1.0	-	-	0.3	75.4
Total current liabilities	1,147.2	311.1	143.6	419.3	-	-	564.8	2,585.9
Total liabilities and shareholders' equity								12,937.7

As of June 30, 2014, the contribution of Oranje-Nassau Développement to the balance sheet by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	NOP	exceet	Oranje-Nassau Développement
Goodwill, net	35.8	102.3	16.2	-	154.4
Intangible assets, net	10.2	69.7	28.2	-	108.0
Property, plant & equipment, net	608.1	6.3	10.7	-	625.1
Non-current financial assets	3.1	0.5	1.5	-	5.1
Pledged cash and cash equivalents	-	-	-	-	-
Equity-method investments	-	-	-	55.0	55.0
Deferred tax assets	5.2	2.5	0.0	-	7.7
Total non-current assets	662.3	181.3	56.7	55.0	955.3
Assets and operations held for sale	-	-	-	-	-
Inventories and work-in-process	24.8	10.8	7.1	-	42.8
Trade receivables	34.9	46.3	11.6	-	92.8
Other current assets	8.5	3.6	0.1	-	12.3
Current income tax liabilities	-	1.5	-	-	1.5
Other current financial assets	-	-	-	-	-
Cash and cash equivalents	2.0	7.4	6.9	-	16.3
Total current assets	70.3	69.6	25.7	-	165.6
Long-term provisions	0.7	2.3	5.8	-	8.8
Financial debt (non-current portion)	213.4	41.6	32.2	-	287.2
Other non-current financial liabilities	1.5	1.9	0.8	-	4.2
Deferred tax liabilities	10.4	24.6	10.2	-	45.2
Total non-current liabilities	226.0	70.3	49.0	-	345.4
Liabilities held for sale	-	-	-	-	-
Short-term provisions	2.3	2.8	-	-	5.1
Financial debt (current portion)	267.9	13.0	2.0	-	283.0
Other current financial liabilities	-	-	-	-	-
Trade payables	73.1	10.8	3.9	-	87.8
Other current liabilities	11.1	28.6	2.8	-	42.5
Current income tax liabilities	-	-	1.0	-	1.0
Total current liabilities	354.4	55.3	9.6	-	419.3

Note 5 - 4. Balance sheet by operating segment as of December 31, 2013

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Saint-Gobain	IHS	Wendel and holding companies	Consolidated
Goodwill, net	1,885.2	548.2	24.1	138.1	-	-	-	2,595.6
Intangible assets, net	585.0	498.6	64.2	81.1	-	-	0.1	1,229.0
Property, plant & equipment, net	401.3	286.5	84.5	576.3	-	-	10.9	1,359.5
Non-current financial assets	45.5	8.4	0.5	3.6	-	-	157.9	215.9
Pledged cash and cash equivalents	-	-	-	-	-	-	6.4	6.4
Equity-method investments	0.8	0.4	2.4	55.7	4,004.8	185.1	-	4,249.2
Deferred tax assets	122.1	41.3	10.7	8.7	-	-	1.8	184.7
Total non-current assets	3,039.9	1,383.4	186.4	863.5	4,004.8	185.1	177.2	9,840.3
Assets and operations held for sale	-	801.0	4.5	-	-	-	-	805.5
Inventories and work-in-process	12.6	170.8	42.7	33.0	-	-	-	259.2
Trade receivables	992.0	295.1	68.1	78.2	-	-	0.3	1,433.7
Other current assets	117.8	61.8	8.4	13.8	-	-	5.5	207.4
Current income tax liabilities	40.7	-	4.3	1.6	-	-	19.6	66.1
Other current financial assets	6.9	0.2	-	0.0	-	-	348.0	355.1
Cash and cash equivalents	190.6	68.1	58.2	13.4	-	-	427.6	758.0
Total current assets	1,360.7	596.0	181.8	139.9	-	-	800.9	3,079.4
Total assets								13,725.1
Shareholders' equity - Group share								2,535.5
Non-controlling interests								522.1
Total shareholders' equity								3,057.6
Long-term provisions	197.0	38.7	2.9	2.5	-	-	28.6	269.6
Financial debt (non-current portion)	1,407.1	1,792.8	52.6	251.2	-	-	3,247.6	6,751.3
Other non-current financial liabilities	24.3	13.9	-	3.5	-	-	188.6	230.3
Deferred tax liabilities	158.6	260.5	17.2	34.3	-	-	0.0	470.6
Total non-current liabilities	1,787.0	2,105.8	72.6	291.6	-	-	3,464.8	7,721.8
Liabilities held for sale	-	375.2	-	-	-	-	-	375.2
Short-term provisions	-	2.5	0.3	6.6	-	-	-	9.4
Financial debt (current portion)	104.2	62.8	121.1	254.7	-	-	551.1	1,093.9
Other current financial liabilities	47.7	1.0	1.7	0.3	-	-	7.8	58.6
Trade payables	232.3	184.2	38.1	86.0	-	-	8.6	549.2
Other current liabilities	555.6	144.4	26.9	34.2	-	-	15.3	776.4
Current income tax liabilities	81.0	0.5	1.3	-	-	-	0.2	83.1
Total current liabilities	1,020.9	395.4	189.4	381.8	-	-	583.1	2,570.6
Total liabilities and shareholders' equity								13,725.1

As of December 31, 2013, the contribution of Oranje-Nassau Développement to the balance sheet by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	exceet	Oranje-Nassau Développement
Goodwill, net	35.8	102.3	-	138.1
Intangible assets, net	11.8	69.3	-	81.1
Property, plant & equipment, net	570.0	6.3	-	576.3
Non-current financial assets	3.1	0.5	-	3.6
Pledged cash and cash equivalents	-	-	-	-
Equity-method investments	-	-	55.7	55.7
Deferred tax assets	6.2	2.5	-	8.7
Total non-current assets	626.9	180.9	55.7	863.5
Assets and operations held for sale	-	-	-	-
Inventories and work-in-process	24.8	8.2	-	33.0
Trade receivables	29.0	49.2	-	78.2
Other current assets	11.0	2.7	-	13.8
Current income tax liabilities	-	1.6	-	1.6
Other current financial assets	0.0	-	-	0.0
Cash and cash equivalents	2.9	10.5	-	13.4
Total current assets	67.7	72.2	-	139.9
Long-term provisions	0.3	2.2	-	2.5
Financial debt (non-current portion)	204.3	46.9	-	251.2
Other non-current financial liabilities	1.5	2.0	-	3.5
Deferred tax liabilities	9.8	24.6	-	34.3
Total non-current liabilities	215.9	75.7	-	291.6
Liabilities held for sale	-	-	-	-
Short-term provisions	2.3	4.3	-	6.6
Financial debt (current portion)	246.2	8.5	-	254.7
Other current financial liabilities	0.3	-	-	0.3
Trade payables	71.0	15.0	-	86.0
Other current liabilities	11.1	23.1	-	34.2
Current income tax liabilities	-	-	-	-
Total current liabilities	330.9	50.9	-	381.8

Note 5 - 5. Cash flow statement by operating segment for H1 2014

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Wendel and holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excl. tax	276.7	21.0	19.4	89.8	-31.3	-	375.6
Net cash flows from investing activities, excl. tax	-547.6	861.1	-65.2	-108.5	885.8	-108.1	917.5
Net cash flows from financing activities, excl. tax	362.7	-948.2	23.2	24.3	-204.1	108.1	-633.9
Net cash flows related to taxes	-102.1	16.5	-2.4	-2.7	-3.1	-	-93.8

The contribution of Oranje-Nassau Développement to the H1 2014 cash flow statement by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	NOP	Total Oranje-Nassau Développement
Net cash flows from operating activities, excl. tax	83.8	2.3	3.8	89.8
Net cash flows from investing activities, excl. tax	-110.3	-2.5	4.3	-108.5
Net cash flows from financing activities, excl. tax	27.4	-1.9	-1.2	24.3
Net cash flows related to taxes	-1.7	-1.0	0.0	-2.7

Note 5 - 6. Cash flow statement by operating segment for H1 2013

In millions of euros	Bureau Veritas	Materis	Stahl	Oranje-Nassau Développement	Wendel and holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excl. tax	285.7	66.2	19.9	83.0	-21.4	-	433.4
Net cash flows from investing activities, excl. tax	-127.7	-33.5	-3.7	-92.5	554.4	-103.0	193.9
Net cash flows from financing activities, excl. tax	-111.5	-3.6	-22.8	11.1	-179.3	103.0	-203.0
Net cash flows related to taxes	-64.3	-15.4	-2.9	-4.3	4.3	-	-82.6

The contribution of Oranje-Nassau Développement to the H1 2013 cash flow statement by business sector broke down as follows:

In millions of euros	Parcours	Mecatherm	Total Oranje-Nassau Développement
Net cash flows from operating activities, excl. tax	77.0	6.0	83.0
Net cash flows from investing activities, excl. tax	-90.7	-1.8	-92.5
Net cash flows from financing activities, excl. tax	18.4	-7.2	11.1
Net cash flows related to taxes	-5.2	0.8	-4.3

NOTES TO THE BALANCE SHEET

NOTE 6. GOODWILL

In millions of euros	06/30/2014		
	Gross amount	Impairment	Net amount
Bureau Veritas	2,195.4	59.4	2,136.1
Materis	404.5	199.4	205.1
Stahl	46.8	-	46.8
Oranje-Nassau Développement	154.4	-	154.4
Total	2,801.1	258.8	2,542.3

In millions of euros	12/31/2013		
	Gross amount	Impairment	Net amount
Bureau Veritas	1,943.0	57.9	1,885.2
Materis	876.0	327.7	548.2
Stahl	24.1	-	24.1
Oranje-Nassau Développement	138.1	-	138.1
Total	2,981.2	385.6	2,595.6

The principal changes during the year were as follows:

In millions of euros	1st half 2014
Net amount at beginning of period	2,595.6
Business combinations (1)	14.0
Reclassification of Chryso under "Operations held for sale"	-103.1
Impact of changes in currency translation adjustments and other	37.3
Impairment losses recognized during the period	-1.5
Net amount at end of period	2,542.3

(1) In H1 2014, this line item included €+216.6 million in acquisitions made by Bureau Veritas and €-240.4 million from the sale of Kerneos and Parex.

Goodwill impairment tests

No significant indication of impairment was identified for the cash generating units (CGUs) at Wendel's level (Bureau Veritas, Materis, Stahl, Parcours, Mecatherm and NOP). The principal indicators are adherence to the budget and business plan and for Bureau Veritas, the listed share price compared with the carrying value. Concerning unlisted investments, for which tests are based on the present value of future cash flows (value in use), analysis of the business of these investments and the projections available as of June 30, 2014 do not call into question the tests performed as of December 31, 2013. At that date, the tests performed had not required impairment to be recognized at the level of Wendel's consolidation. As a result, impairment tests were not carried out on these CGUs as of the June 30, 2014 closing. Accounting standards require such tests to be performed only once a year, unless there is an indication of loss in value. The test with respect to Bureau Veritas, a listed company, is generally performed on the basis of fair value (market price), which remained significantly above the carrying value as of June 30, 2014. The mandatory annual test will be performed as of December 31, 2014.

NOTE 7. EQUITY-METHOD INVESTMENTS

In millions of euros	06/30/2014	12/31/2013
Saint-Gobain	2,869.5	4,004.8
IHS	312.1	185.1
exceet	55.0	55.7
Investments of Bureau Veritas	2.6	0.8
Investments of Materis	0.3	0.4
Investments of Stahl	2.5	2.4
Total	3,242.0	4,249.2

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

In millions of euros	1st half 2014
Amount at beginning of period	4,249.2
Share in net income for the period	
Saint-Gobain	35.7
IHS	-9.6
exceet	-0.6
Other	0.1
Dividends paid by equity-method companies	-81.6
Impact of changes in currency translation adjustments	28.3
Sale of Saint-Gobain shares (1)	-1,072.1
Impact of dilution on the Saint-Gobain investment (1)	-29.3
Investment in IHS (1)	145.4
Other	-23.4
Amount as of June 30, 2014	3,242.0

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

Note 7 - 1. Additional information on Saint-Gobain

In millions of euros	06/30/2014	12/31/2013 restated (4)
Carrying values at 100%		
Total non-current assets (1)	27,858	27,930
Total current assets (1)	17,253	17,685
Impact of the revaluation of acquired assets and liabilities	3,854	3,884
Goodwill adjustment (Wendel) (2)	2,723	3,179
Non-controlling interests	374	345
Total non-current liabilities (1)	14,473	15,045
Total current liabilities (1)	12,246	12,683
	1st half 2014	1st half 2013 restated (4)
Net sales (1)(3)	20,446	20,651
Operating income (1)	1,330	1,224
Business income (1)	1,260	939
Recurring net income, group share (1)	511	402
Net income, group share (1)	671	313
Impact of the revaluation of acquired assets and liabilities	-30	-83

- (1) In Saint-Gobain's books, at 100%.
- (2) Value of residual goodwill after impairment, see note 7-4.1, "Impairment test on Saint-Gobain, accounted for by the equity method".
- (3) In H1 2014, sales declined by 1.0% unadjusted and increased by 4.1% at constant scope and exchange rates.
- (4) Restatement resulted principally from application of IFRS 10 and 11, related to consolidation and joint arrangements.

Note 7 - 2. Additional information on IHS

In millions of euros	06/30/2014	12/31/2013
Carrying values at 100%		
Total non-current assets (1)	776.3	602.7
Total current assets (1)	439.5	264.2
Goodwill adjustment (Wendel)	50.6	50.6
Non-controlling interests (1)	11.6	17.6
Total non-current liabilities (1)	352.0	314.2
Total current liabilities (1)	76.4	106.6
	1st half 2014	2-month period to end-June 2013 (2)
Net sales (1)	95.8	25.4
EBITDA (1)	27.8	6.3
Net income, group share (1)	-25.5	-7.8

- (1) In IHS's books, at 100%.
- (2) The closing date of IHS closest to the investment date was April 30, 2013. As a result, two months of operation were included in the consolidated earnings of the Wendel Group in H1 2013.

Note 7 - 3. Additional information on exceet

In millions of euros	06/30/2014	12/31/2013
Carrying values at 100%		
Total non-current assets (1)	93.4	95.1
Total current assets (1)	92.4	87.7
Goodwill adjustment (Wendel)	93.9	97.2
Non-controlling interests	-	-
Total non-current liabilities (1)	46.8	47.1
Total current liabilities (1)	39.5	37.0
	1st half 2014	1st half 2013
Net sales (1) (2)	92.9	90.8
EBITDA (1)	8.9	8.2
Net income, group share (1)	1.2	5.0
Impact of the revaluation of acquired assets and liabilities	-3.3	-3.3

(1) In exceet's books, at 100%.

(2) In H1 2014, sales were up 2.3%, both unadjusted and organically.

Oranje-Nassau Développement's percentage interest in exceet Group SE is subject to the potentially dilutive effect of financial instruments issued by exceet (see note 9-3, "Additional information on exceet" in the 2013 consolidated financial statements).

Note 7 - 4. Impairment tests on equity-method investments

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date the financial statements were approved on situations existing at the end of June 2014. The uncertain global economic picture has complicated forecasting, and actual amounts could therefore be significantly different from the forecasts made under these tests. If so, values in use may also be different from those determined on the basis of assumptions and estimates at the end-June 2014 balance sheet date.

No impairment test was performed on IHS as there is no indication that the value of this investment may be impaired.

Note 7 - 4.1 Impairment test on Saint-Gobain shares

An impairment test was performed on the Saint-Gobain shares, as their carrying amount, calculated according to the equity method, was higher than their market value.

In accordance with IAS 36, recoverable value was determined as the higher of (1) fair value, i.e. the share price at the balance sheet date (€41.2 per share, or €2,711.8 million for the 65.8 million Saint-Gobain shares); and (2) value in use, i.e. the discounted value of future cash flows.

Wendel has performed this discounted cash flow valuation. The five-year business plan used in this calculation was prepared by Wendel using, among other things, research on the sector published by leading forecasters, Wendel's internal analyses and studies carried out by Wendel. The assumptions underlying the business plan (trends in underlying markets, price effects, etc.) were developed by sector and by country. No potential divestments of packaging activities, except for Verallia North America which was sold in April 2014, were taken into account and in accordance with IAS 36, the business plan included no strategic acquisitions. Finally, the assumptions used in calculating post-business plan cash flows (i.e. growth in sales and normative profitability) were 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 as of December 31, 2013: 2%. The discount rate used was also identical to that used as of December 31, 2013: 8%. It was based in particular on market parameters (risk-free rate, market premium, beta of comparables) and took into account risks specific to the business plan.

After the test was performed as of December 31, 2012, an impairment of €4.6 per share or €414 million was recognized on all of the Saint-Gobain equity-accounted shares. Following the sale of 24 million shares in May 2014 (see note "Changes in scope of consolidation") and an adjustment related to Saint-Gobain's sale of Verallia North America, this impairment charge was reduced to €292 million or €4.43 per share as of June 30, 2014. The gross carrying value of Saint-Gobain shares in Wendel's accounts was €48.03 per share as of June 30, 2014 and their net value was therefore €43.60 per share (€2,869.5 million for all consolidated shares). The value in use estimated as of the June 2014 closing was €44.45 per share, close to the net carrying value. Given that no significant new information affecting Saint-Gobain's financial condition has called into question the impairment, it has been maintained as of June 30, 2014. The difference between the market price and the carrying value reflects Wendel's investment horizon and the significant influence Wendel exerts over Saint-Gobain.

A sensitivity analysis shows that:

- if the discount rate were 0.5% higher, an additional impairment of €273 million would have to be recognized;
- if the long-term growth rate were 0.5% lower, an additional impairment of €189 million would have to be recognized;
- if the normative margin used for cash flows after the end of the five-year business plan period were reduced by one percentage point, an additional impairment charge of €434 million would have to be recognized.

Finally, the model as a whole is sensitive to the assumptions of the five-year business plan.

Note 7 - 4.2 Impairment test on except shares

An impairment test was performed on these equity-accounted shares, as their carrying value was higher than their market value.

In accordance with IAS 36, recoverable value was determined as the higher of (1) fair value, i.e. the share price at year-end (€33.1 million for the 5.7 million shares held) or (2) value in use, i.e. the discounted value of future cash flows.

Wendel has performed this discounted cash flow valuation. The business plan used covers an eight-year period, and in accordance with IAS 36, no strategic acquisitions are included in its assumptions. As in 2013, the long-term growth rate applied to post-business plan cash flows was 2% and the discount rate was 10%. The impact of dilutive instruments in except's capital was taken into account.

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

A sensitivity analysis shows that if the discount rate were 0.5% higher or if the normative margin used for cash flows after the end of the eight-year business plan period were reduced by one percentage point, an additional impairment charge of less than €1 million would have to be recognized. As for the long-term growth rate, an impairment would not need to be recognized unless this rate were less than 1.5%.

NOTE 8. CASH AND CASH EQUIVALENTS

In millions of euros	06/30/2014	12/31/2013
	Net amount	Net amount
Pledged cash and cash equivalents of Wendel and its holding companies, classified as non-current assets	0.4	6.4
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets	1,080.9	427.6
Cash and cash equivalents of Wendel and its holding companies (1)	1,081.2	434.1
Bureau Veritas	176.8	190.6
Materis	18.6	68.1
Stahl	33.4	58.2
Oranje-Nassau Développement	16.3	13.4
Cash and cash equivalents of subsidiaries classified as current assets	245.1	330.3
Total	1,326.4	764.4
<i>of which non-current assets</i>	<i>0.4</i>	<i>6.4</i>
<i>of which current assets</i>	<i>1,326.0</i>	<i>758.0</i>

(1) In addition to this cash, Wendel had €327.5 million in short-term financial investments as of

June 30, 2014 and €323.9 million as of December 31, 2013 (see note 4-2.1, "Liquidity risk of Wendel and the holding companies").

NOTE 9. FINANCIAL ASSETS AND LIABILITIES (EXCL. FINANCIAL DEBT AND OPERATING RECEIVABLES AND PAYABLES)

Note 9 - 1. Financial assets

In millions of euros	Method for recognizing changes	Level	06/30/2014	12/31/2013
Pledged cash and cash equivalents of Wendel and its holding companies - A	Income statement (1)	1	0.4	6.4
Unpledged cash and cash equivalents of Wendel and its holding companies	Income statement (1)	1	1,080.9	427.6
Wendel's short-term financial investments	Income statement (1)	1	327.5	323.9
Cash and short-term financial investments of Wendel and its holding companies			1,408.7	758.0
Cash and cash equivalents of subsidiaries	Income statement (1)	1	245.1	330.3
Assets available for sale - B	Shareholders' equity (2)	3	104.6	126.6
Financial assets at fair value through profit or loss	Income statement (1)	1	31.2	20.5
Loans - C	Amortized cost	N/A	70.0	8.8
Deposits and guarantees	Amortized cost	N/A	65.5	58.5
Derivatives - D	Income statement (1) Shareholders' equity (2)	See D	9.2	10.5
Other - E			104.1	22.1
Total			2,038.3	1,335.4
<i>of which non-current financial assets, including pledged cash and cash equivalents</i>			<i>262.8</i>	<i>222.3</i>
<i>of which current financial assets, including cash and cash equivalents</i>			<i>1,775.5</i>	<i>1,113.1</i>

(1) Change in fair value through profit or loss.

(2) Change in fair value through shareholders' equity.

Note 9 - 2. Financial liabilities

In millions of euros	Method for recognizing changes	Level	06/30/2014	12/31/2013
Derivatives - D	Income statement (1) / Shareholders' equity (2)	See D	156.7	177.0
Other (incl. puts held by non-controlling shareholders) - F	N/A	N/A	174.2	111.9
Total			330.9	288.9
<i>of which non-current financial liabilities</i>			<i>272.5</i>	<i>230.3</i>
<i>of which current financial liabilities</i>			<i>58.4</i>	<i>58.6</i>

(1) Change in fair value through profit or loss.

(2) Change in fair value through shareholders' equity.

Note 9 - 3. Details of financial assets and liabilities

A – Cash and cash equivalents (pledged and unpledged): Pledged cash and cash equivalents are presented as non-current financial assets as they were not immediately available (see note 8, "Cash and cash equivalents").

B – As of June 30, 2014, this item included the Saham investment of €100 million. Based in Morocco, Saham is majority-owned by its founder has in the past focused on two lines of business: insurance and customer relationship centers. It is also expanding in real estate and healthcare so as to take advantage of synergies with its insurance activities. This investment represents 13.3% of Saham's share capital.

C – Loans: This amount included the €60 million loan granted to Kerneos when it was sold by Materis (see note 2, "Changes in scope of consolidation").

D – Derivatives:

In millions of euros	Level	06/30/2014		12/31/2013	
		Assets	Liabilities	Assets	Liabilities
Saint-Gobain puts (written) (1)	2	-	129.1	-	141.9
Interest rates swaps	2	8.6	25.4	9.7	29.2
Other derivatives – not qualifying for hedge accounting	2	0.5	2.3	0.8	5.8
Total		9.2	156.7	10.5	177.0
<i>of which non-current portion</i>		8.6	153.6	9.7	168.8
<i>of which current portion</i>		0.5	3.2	0.8	8.2

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

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

E – Other financial assets: This amount included an €81.6 million receivable corresponding to the dividend paid by Saint-Gobain in July 2014 (post-closing).

F – Other financial liabilities: This item primarily relates to €49.9 million of earnouts and deferred payments in operating subsidiaries, minority puts and liabilities related to liquidity commitments at the level of Wendel and the holding companies (see note 28-5, "Shareholder agreements and co-investment mechanisms").

Note 9 - 4. Puts issued (written) on Saint-Gobain shares

The maturities of the 6.1 million puts issued by Wendel on Saint-Gobain are as follows:

- September 2015 for 2,152,560 puts;
- December 2015 for 2,595,360 puts; and
- March 2016 for 1,341,858 puts.

The change in fair value of these liabilities during H1 2014 was €13 million and has been recognized under "Other financial income an expense".

Note 9 - 5. Interest rate swaps and foreign exchange hedges

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

Notional amount	Characteristics (1)	Qualified as	Start (1)	Maturity (1)	06/30/2014	12/31/2013
sign convention: (+) asset, (-) liability						
Hedging of bonds carried by Wendel						
€100 million	Pay 3.98% against 4.21%		pre-closing	05-2016	0.5	0.6
€300 million	Pay 12-month Euribor+0.93% between 1.70% and 2.60%, 3.40% if < 1.70%, and 3.53% if > 2.60%. Coupon: 3.49%		pre-closing	08-2017	1.0	0.5
€800 million	Pay 1.04% against Euribor (2)		01-2014	01-2016	-10.7	-10.2
	Other interest-rate swaps expired in first quarter 2014 (2)					-0.7
Hedging of subsidiaries' debt						
€450 million	0.88% cap on Euribor		pre-closing	04-2015	-	0.1
€800 million	0.79% cap on Euribor		pre-closing	04-2015	-	0.1
\$95 million	Pay 2.73% against Libor		pre-closing	12-2014	-0.9	-1.7
€34 million	Pay 1.38% against Euribor		pre-closing	01-2015	-0.3	-0.5
	Other	Hedge			-6.3	-7.7
Total					-16.8	-19.5

(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 debt. The net value of all swaps as of June 30, 2014 was €-10.7 million, vs. €-10.8 million at end-2013. De-designating certain hedging instruments led to a €5.4 million increase in hedging reserves in shareholders' equity and an equivalent expense on the income statement. The change in the value of non-qualified instruments recognized through profit or loss was €+0.2 million.

NOTE 10. SHAREHOLDERS' EQUITY

	Par value	Total number of shares	Treasury shares	Number of shares outstanding
As of 12/31/2013	€4	48,631,341	1,749,729	46,881,612
As of 06/30/2014	€4	48,734,009	2,163,938	46,570,071

The change of 102,668 in the number of shares outstanding derived from the exercise of stock options during H1 2014.

The number of shares held under the liquidity contract was 136,000 as of June 30, 2014 (unit cost: €108.34), vs. 100,000 as of December 31, 2013, an increase of 36,000 during H1 2014.

As of June 30, 2014, Wendel held 2,027,938 of its shares in treasury outside of the context of the liquidity contract (1,649,729 as of December 31, 2013). These treasury shares are primarily allocated to cover stock option exercises and grants of bonus and performance shares, with the remainder being retained for potential acquisitions.

The net increase of 378,209 shares derived from:

- the purchase of 417,658 shares during the first half; and
- the sale of 39,449 shares to meet the exercise of stock options.

In total, shares held in treasury represented 4.44% of the share capital as of June 30, 2014.

NOTE 11. PROVISIONS

In millions of euros	06/30/2014	12/31/2013
Provisions for risks and contingencies	105.3	115.5
Employee benefits	186.9	163.5
Total	292.2	279.0
<i>of which non-current</i>	<i>284.6</i>	<i>269.6</i>
<i>of which current</i>	<i>7.6</i>	<i>9.4</i>

Note 11 - 1. Provisions for risks and contingencies

In millions of euros	06/30/2014	12/31/2013
Bureau Veritas	64.5	71.4
Materis	13.4	15.9
Stahl	0.7	0.6
Oranje-Nassau Développement	5.9	6.7
Wendel and holding companies	20.8	20.8
Total	105.3	115.5
<i>of which non-current</i>	<i>97.7</i>	<i>106.1</i>
<i>of which current</i>	<i>7.6</i>	<i>9.4</i>

The principal disputes, claims and risks identified for the operating subsidiaries and for Wendel and its holding companies are described in note 15-1 to the 2013 consolidated financial statements, “Provisions for risks and contingencies”.

Concerning various judicial procedures initiated by former management-level employees of Wendel as a result of the unwinding of a mechanism for participating in the Group's performance: the amount of the claims against various defendants, including Wendel, totaled €30 million, subject to adjustment (depending on the claimant) based on the potential consequences of procedures initiated against them by the tax authority. On December 17, 2013, the Commercial Court rejected the claims of one of the former employees and also required him to pay €1 to Wendel in recognition of damage to the company's image. He has appealed this decision. Another legal action against Wendel, initiated by this employee in the labor courts after his employment contract was terminated in June 2009, was also rejected on March 31, 2014, and the claimant has appealed. The Company considers the various claims of these former employees to be unfounded and has not recognized any provision against them.

Note 11 - 2. Employee benefits

In millions of euros	06/30/2014	12/31/2013
Bureau Veritas	138.3	125.6
Materis	19.2	25.3
Stahl	13.5	2.5
Oranje-Nassau Développement	8.0	2.4
Wendel and holding companies	7.8	7.8
	186.9	163.5

NOTE 12. FINANCIAL DEBT

Principal changes in the first half of 2014 are described in note 4-2, "Liquidity risk".

In millions of euros								
	Currency	Coupon rate	Effective interest rate (2)	Maturity	Repayment	Overall line	06/30/2014	12/31/2013
Wendel								
2014 bonds	EUR	4.875%	6.579%	11-2014	at maturity		445.1	476.6
2015 bonds	EUR	4.875%	4.910%	09-2015	at maturity		347.6	368.5
2016 bonds	EUR	4.875%	5.501%	05-2016	at maturity		643.7	649.7
2017 bonds	EUR	4.375%	5.186%	08-2017	at maturity		692.0	692.0
2018 bonds	EUR	6.750%	5.727%	04-2018	at maturity		500.0	500.0
2019 bonds	EUR	5.875%	5.397%	09-2019	at maturity		600.0	600.0
2021 bonds	EUR	3.750%	3.833%	01-2021	at maturity		400.0	
Syndicated loan	EUR	Euribor+margin		05-2018	revolving credit	€600 M	-	-
Amortized cost of bonds and syndicated loan fees							0.7	-2.8
Accrued interest							91.1	71.2
							3,720.1	3,355.2
Holding companies - financing of the Saint-Gobain investment								
Bank borrowings (1)	EUR	Euribor+margin		03-2020	revolving credit	€800 M	-	425.0
Bank borrowings (1)	EUR	Euribor+margin		07-2017	revolving credit	€700 M	-	-
Deferred issuance costs							-3.0	-1.3
Accrued interest							1.3	3.3
							-1.7	427.1
Holding companies								
Loans from non-controlling shareholders							16.4	16.5
							16.4	16.5
Bureau Veritas								
2017 bonds	EUR	3.750%		05-2017	at maturity		500.0	500.0
2021 bonds	EUR	3.125%		01-2021	at maturity		500.0	
Borrowings and debt from lending institutions maturing in less than 1 year – fixed rate							158.0	9.1
Borrowings and debt from lending institutions maturing in less than 1 year – floating rate							64.8	95.1
Borrowings and debt from lending institutions maturing in 1 to 5 years – fixed rate							77.5	176.5
Borrowings and debt from lending institutions maturing in 1 to 5 years – floating rate							339.8	211.2
Borrowings and debt from lending institutions maturing in more than 5 years – fixed rate							387.8	445.0
Borrowings and debt from lending institutions maturing in more than 5 years – floating rate							128.1	74.4
							2,156.0	1,511.3
Materis (3)								
Bank borrowings	EUR	Euribor+margin		10-2015 to 12-2016	amortizing		500.3	1,725.7
Deferred issuance costs							-	-20.1
Shareholder loans							72.7	68.3
Other debt and accrued interest							22.7	81.7
							595.7	1,855.6
Stahl								
Bank borrowings	EUR and USD	Fixed and variable		repaid			-	167.3
Shareholder loans				repaid			-	5.1
Bank borrowings	EUR	Euribor+margin		06-2019	revolving credit	€35 M	-	-
Bank borrowings	USD	Libor+margin		06-2019	amortizing	\$143.8 M	105.7	-
Bank borrowings	EUR	Euribor+margin		06-2019	amortizing	€26 M	26.0	-
Bank borrowings	USD	Libor+margin		12-2019	at maturity	\$143.8 M	105.7	-
Bank borrowings	EUR	Euribor+margin		12-2019	at maturity	€26 M	26.0	-
Deferred issuance costs							-7.2	-
Other debt and accrued interest							0.1	1.3
							256.4	173.7
Parcours								
Bank borrowings	EUR	Euribor+margin		2014 to 2017	amortizing		453.0	434.6
Other debt and accrued interest							28.4	15.9
							481.3	450.5
Mecatherm								
Bank borrowings (senior)	EUR	Euribor+margin		2014 to 2018	amortizing		50.3	55.2
Bank borrowings	EUR	Euribor+margin		Sep-17	revolving credit	€5 M	4.0	-
Deferred issuance costs							-1.6	-1.8
Other debt and accrued interest							1.8	2.0
							54.6	55.4
NOP								
Bank borrowings	JPY	Libor+margin		2014 to 2019	amortizing	¥1.6 bn	11.8	-
Bank borrowings	JPY	Libor+margin		Feb-19	at maturity	¥3.0 bn	21.7	-
Deferred issuance costs							-0.3	-
Other debt and accrued interest							1.0	-
							34.3	-
Total							7,313.1	7,845.2
<i>of which non-current portion</i>							6,173.1	6,751.3
<i>of which current portion</i>							1,140.0	1,093.9

- (1) These loans were granted by the banks in the form of combined financial instruments, contractually linked and indissociable so as to enable the repayment of the funds made available by the banks. The combination of these instruments is equivalent to a conventional bank loan.
- (2) The effective interest rate is calculated inclusive of the issue premiums/discounts and bank issuance fees. For bonds having been issued in several stages, the effective interest rate corresponds to the weighted average of the par value issued.
- (3) Debt carried by Chryso (Admixtures division of Materis) has been reclassified into “Liabilities of operations held for sale”, in accordance with IFRS 5. It amounts to €50.6 million (see note 2, “Changes in scope of consolidation”). In addition, Materis' debt was refinanced in August 2014 (post-closure). See note 4-2.3.2, "Materis financial debt: Materis Paints and Chryso".

Note 12 - 1. Financial debt maturity schedule

In millions of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Wendel par value (1)	-445.1	-2,183.3	-1,000.0	-3,628.4
Liquidity risk of Wendel and the holding companies	-206.6	-482.0	-68.6	-757.1
Subsidiaries and associates				
- par value	-531.2	-1,822.3	-1,147.6	-3,501.1
- interest (2)	-98.3	-415.1	-57.2	-570.6
TOTAL	-1,281.1	-4,902.6	-2,273.4	-8,457.2

- (1) The schedule showing the par values of Wendel's debt does not take into account the puts issued. The amount to be paid out on these puts depends on the Saint-Gobain share price at maturity. As of June 30, 2014, the market value of these puts was €-129.1 million for maturities between 2015 and 2016 (see note 9-4, “Puts issued (written) on Saint-Gobain shares”).
- (2) Interest was calculated on the basis of the yield curve prevailing on June 30, 2014. Interest on debt and interest-rate hedges does not reflect interest earned on invested cash.

NOTE 13. ASSETS AND LIABILITIES OF OPERATIONS HELD FOR SALE

As of June 30, 2014, assets and liabilities held for sale were composed primarily of the assets and liabilities of the Admixtures business of Materis (Chryso). The sale should be finalized in the second half of 2014 (see note 2, “Changes in scope of consolidation”).

The assets and liabilities of Chryso (excl. intra-group loans and advances) as of June 30, 2014 were as follows:

In millions of euros	Assets		Liabilities
Goodwill, net	103.0	Short-term provisions	3.4
Intangible assets, net	65.7	Financial debt	50.6
Property, plant & equipment, net	43.0	Trade payables	29.6
Inventories	30.9	Deferred tax liabilities	22.9
Trade receivables	68.4	Other	11.3
Cash and cash equivalents	8.2		
Other	8.0		
Total	327.1		117.9

NOTES TO THE INCOME STATEMENT

In accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", the contributions of Kerneos, Parex and Chryso, the Aluminates, Mortars and Admixtures divisions of Materis, respectively, have been reclassified to "Net income from discontinued operations and operations held for sale" for the six months periods from January 1 to June 30, 2014 and from January 1 to June 30, 2013.

NOTE 14. NET SALES

In millions of euros	1st half 2014	1st half 2013	% Change	Organic growth
Bureau Veritas	1,967.4	1,957.5	0.5%	1.8%
Materis Paints (1)	382.8	378.1	1.2%	2.7%
Stahl	217.5	175.7	23.8%	8.0%
Oranje-Nassau Développement				
- Parcours	163.8	149.7	9.4%	9.4%
- Mecatherm	36.9	32.1	14.8%	14.8%
- NOP	18.1	-	-	-
Total	2,786.4	2,693.0	3.5%	2.9%

(1) After elimination of transactions carried out with divisions held for sale or sold (see note 2, "Changes in scope of consolidation").

NOTE 15. FINANCE COSTS, NET

In millions of euros	1st half 2014	1st half 2013
Income from cash and cash equivalents (1)	5.3	4.1
Finance costs, gross	5.3	4.1
Interest expense	-190.9	-190.2
Interest expense on shareholder loans from non-controlling interests	-5.3	-5.1
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)	-26.8	-15.8
	-223.0	-211.1
Total	-217.7	-206.9

- (1) Includes €4.3 million at the level of Wendel and its holding companies. An additional €3.5 million in income on short-term investments is recognized under "Other financial income and expenses", comprising total income of €7.8 million in H1 2014 (€8.7 million in H1 2013) on cash and short-term financial investments of Wendel and its holding companies.

NOTE 16. OTHER FINANCIAL INCOME AND EXPENSE

In millions of euros	1st half 2014	1st half 2013
Gains (losses) on disposals of assets available for sale	0.0	-0.3
Dividends received from unconsolidated companies	0.5	2.6
Net income on interest rate, currency and equity derivatives	10.3	11.6
Interest on other financial assets	7.2	4.9
Net currency exchange gains (losses)	-3.5	-4.0
Impact of discounting	-1.9	-1.2
Gain on buyback of debt	-2.4	4.4
Other	1.0	16.8
Total	11.2	34.9

NOTE 17. TAX EXPENSE

In millions of euros	1st half 2014	1st half 2013
Current income tax liabilities	-95.8	-80.2
Deferred taxes	16.1	13.9
Total	-79.8	-66.3

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

NOTE 18. NET INCOME (LOSS) FROM EQUITY-METHOD INVESTMENTS

In millions of euros	1st half 2014	1st half 2013
Net income including impact of goodwill allocation		
Saint-Gobain	35.7	42.1
Legrand	-	12.9
IHS	-9.6	-3.0
exceet	-0.6	0.5
Other companies	0.1	0.0
Sale of Legrand shares	-	369.0
Impact of Legrand dilution	-	-1.3
Sale of Saint-Gobain shares (1)	-106.7	-
Impact of dilution on the Saint-Gobain investment (1)	-29.3	-88.9
Total	-110.4	331.4

(1) See note 2, "Changes in scope of consolidation" with respect to Saint-Gobain.

NOTE 19. NET INCOME FROM DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE

In millions of euros	1st half 2014	1st half 2013
Gain on divestments		
Materis: Aluminates and Mortars divisions	287.8	-
Other	0.3	-
	288.1	-
Share in net income for the period from discontinued operations		
Materis: net income from Aluminates, Mortars and Admixtures divisions	44.6	25.4
	44.6	25.4
Total	332.7	25.4

NOTE 20. EARNINGS PER SHARE

In euros and millions of euros	1st half 2014	1st half 2013
Net income - Group share	70.3	323.4
Impact of dilutive instruments on subsidiaries	-1.4	-4.1
Diluted net income	68.9	319.3
Average number of shares, net of treasury shares	46,686,774	47,475,754
Potential dilution due to Wendel stock options (1)	860,827	650,018
Diluted number of shares	47,547,600	48,125,771
Basic earnings per share (in euros)	1.51	6.81
Diluted earnings per share (in euros)	1.45	6.64
Basic earnings per share from continuing operations (in euros) (2)	-4.93	7.21
Diluted earnings per share from continuing operations (in euros)	-4.87	7.03
Basic earnings per share from discontinued operations (in euros)	6.44	-0.40
Diluted earnings per share from discontinued operations (in euros)	6.32	-0.39

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

(2) Basic earnings per share from continuing operations and diluted earnings per share from continuing operations include the gain on the sale of Kerneos and Parex as well as the earnings of Chryso, Kerneos and Parex during the period. These two items were recognized in the income statement under "Net income of discontinued operations and operations held for sale".

NOTES ON CHANGES IN CASH POSITION**NOTE 21. ACQUISITION OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS**

In millions of euros	1st half 2014	1st half 2013
By Bureau Veritas	64.4	72.3
By Materis	10.0	23.2
By Stahl	3.7	3.9
By Oranje-Nassau Développement (1)	153.1	136.3
By Wendel and holding companies	1.8	4.0
Total	233.0	239.7

(1) Includes €148.5 million of vehicles purchased for leasing by Parcours in H1 2014, compared with €131.2 million in H1 2013.

NOTE 22. DISPOSAL OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Disposals of property, plant & equipment and intangible assets included principally €39.6 million in sales of Parcours' second-hand vehicles (€38.0 million in H1 2013).

NOTE 23. ACQUISITION OF EQUITY INVESTMENTS

In millions of euros	1st half 2014	1st half 2013
By Oranje-Nassau Développement:		
- Participation in IHS capital increase	145.4	114.6
By Wendel and its holding companies	21.9	5.2
By Bureau Veritas (1)	493.2	49.8
By Materis	0.1	4.3
By Stahl (Clariant Leather Services)	76.6	-
Total	737.2	173.9

(1) In H1 2014 Bureau Veritas carried out several acquisitions (see note 2, "Changes in scope of consolidation").

NOTE 24. DISPOSAL OF EQUITY INVESTMENTS

In millions of euros	1st half 2014	1st half 2013
Sale of Legrand	-	518.6
Sale of Saint-Gobain shares (1)	1,007.7	-
Divestments by Bureau Veritas	-	4.3
Divestment by Materis of Kerneos and Parex (1)	922.1	1.7
Other	0.3	-
Total	1,930.0	524.6

(1) See note 2, "Changes in scope of consolidation" with respect to Saint-Gobain and Materis.

NOTE 25. CHANGES IN OTHER FINANCIAL ASSETS AND LIABILITIES AND OTHER

As of June 30, 2014 this line item was composed primarily of a €60 million loan granted to Kerneos when it was sold by Materis.

As of June 30, 2013, this item consisted mainly of €27.1 million in Wendel's investments (net of sales) in short-term financial instruments (classified under current financial assets; see the section on Wendel's liquidity).

NOTE 26. DIVIDENDS RECEIVED FROM EQUITY-ACCOUNTED INVESTMENTS AND UNCONSOLIDATED COMPANIES

The €108.1 million dividend received from Bureau Veritas was eliminated upon consolidation (€103.0 in H1 2013). The dividend from Saint-Gobain was paid in July 2014 (post-closing).

Dividends received in H1 2013 principally included €14.4 million from Legrand.

NOTE 27. NET CHANGE IN BORROWING AND OTHER FINANCIAL LIABILITIES

Details of financial debt are shown in note 12, “Financial debt”.

In millions of euros	1st half 2014	1st half 2013
New borrowings by:		
Wendel - bond issue	400.0	336.4
Bureau Veritas	693.5	295.5
Materis	75.6	91.4
Stahl	260.8	-
Oranje-Nassau Développement (1)	222.2	153.5
	1,652.1	876.8
Borrowings repaid by:		
Wendel – repurchase of bonds	60.7	24.8
Wendel – syndicated credit facility	-	250.0
Financing of Saint-Gobain shares	425.0	-
Bureau Veritas	52.1	97.6
Materis	975.3	83.3
Stahl	176.3	20.2
Oranje-Nassau Développement (1)	192.8	135.4
	1,882.2	611.2
Total	-230.1	265.5

(1) These amounts related essentially to €184.4 million in new operating loans at Parcours and €153.5 million in borrowings repaid. They finance the company's fleet of vehicles leased out to customers.

OTHER NOTES**NOTE 28. OFF-BALANCE-SHEET COMMITMENTS**

As of June 30, 2014, there were no commitments likely to have a significant impact on the Group's financial position, other than leases mentioned below (see note 40-6 on leasing in the 2013 consolidated financial statements, page 247).

Note 28 - 1. Collateral and other security given in connection with financing

	06/30/2014	12/31/2013
(i) Pledge by Materis group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Materis group.	573.6	1,807.3
(ii) Pledge by Stahl group entities of shares of the principal companies and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Stahl group.	263.6	168.7
(iii) Security given by Parcours group entities under its bank borrowing arrangements, including the financed vehicles and the lease payments received. Pledge of certain bank accounts and trade receivables.	453.0	430.5
(iv) Joint and several guarantee and/or pledge by Mecatherm group entities of shares of the companies and of certain trade receivables as collateral for the repayment of the debt owed by the Mecatherm group. Note that Wendel provided a first-demand guarantee of €15 million in favor of the banks	50.3	-
(v) Pledge by Nippon Oil Pump group entities of shares of the principal companies and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Nippon Oil Pump group.	34.3	55.2
(vi) Pledge of listed shares in connection with financing subject to margin calls	-	923.4
(vii) Pledge of cash in connection with financing subject to margin calls	-	6.4
(viii) Other	0.4	-
Total	1,375.2	3,391.5

Note 28 - 2. Guarantees given as part of asset sales

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

Notes

Tax guarantees given in connection with the divestment of Oranje-Nassau Energie's oil & gas activities in 2009 and expiring in May 2016 were limited to a theoretical maximum of €240.0 million as of June 30, 2014. There were no guarantees of environmental risks or site remediation costs connected with the divestment. No claim with respect to these warranties has been received to date.

The Editis sale agreement signed in 2008 included standard limited guarantees and warranties, relating in particular to tax and employee-related costs. As of January 2012, claims may no longer be submitted relating to these guarantees. As of the date these financial statements were finalized, no amount had been paid out under these guarantees.

No provisions have been recognized for these guarantees.

Note 28 - 3. Guarantees received in connection with asset acquisitions

Guarantees received in connection with the acquisition of Parcours, Mecatherm, IHS and NOP cover standard warranties as well as tax risks and risks of employee-related costs up to a total of €52.2 million as of June 30, 2014.

Note 28 - 4. Off-balance-sheet commitments given and received related to operating activities

	06/30/2014	12/31/2013
Market counter-guarantees and other commitments given		
by Bureau Veritas (1)	190.7	176.2
by Materis	13.7	22.6
by Stahl	-	0.6
by Oranje-Nassau Développement (Mecatherm)	11.1	9.4
Total commitments given	215.6	208.8
Other commitments received (2)	428.3	382.9
Total commitments received	428.3	382.9

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

(2) Commitments received were composed principally of lease payments to be received by Parcours (Oranje-Nassau Développement) on its portfolio of lease contracts in force (€202.4 million with a term of less than one year and €225.8 million with a term of 1-5 years).

Note 28 - 5. Shareholder agreements and co-investment mechanisms

As of June 30, 2014, the Wendel Group was party to several agreements governing its relationships with other shareholders in its unlisted companies, including minority investors (Materis, Stahl and IHS), majority investors (Saham), and subsidiary managers having taken part in programs enabling them to share in their company's performance (Materis, Stahl, Parcours, Mecatherm and NOP).

These agreements contain various clauses related to:

- corporate governance (composition of governing bodies, veto rights on certain strategic decisions and rights to information);
- terms of share transfers (lock-up periods, pre-emptive rights and rights of first refusal);
- anti-dilution rules in the event of transactions involving the share capital;
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO;

Agreements with the shareholders of Saham and Stahl (minority financial shareholders) are described in more detail in note 40-5 to the 2013 consolidated financial statements, "Shareholder agreements and co-investment mechanisms". In addition, an agreement has been signed with Clariant, minority shareholder in Stahl since the acquisition of Clariant Leather Services. In particular, it includes a medium-term liquidity guarantee granted by Wendel to Clariant in an amount determined by a predefined margin multiple.

Shareholder agreements with senior managers in unlisted companies also contain clauses related to:

- the handling of executive departures (commitment to sell shares to Wendel in the event of an executive departure from a subsidiary and/or commitment to buy shares in certain specific cases);
- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period of time (2-14 years after the Wendel Group's investment, depending on the agreement).

Shareholder agreements with senior managers in unlisted companies are described in greater detail in note 4-2 to the 2013 consolidated financial statements, relating to the participation of subsidiary managers in the performance of Group entities.

As part of the liquidity commitments under these agreements, if no liquidity event (divestment or IPO) has taken place before certain predetermined dates, the Wendel Group may be required to buy back the shares held by subsidiary managers in Materis, Stahl, Parcours, Mecatherm and NOP. The value applied to these liquidity commitments would be market value, as determined by an appraiser, or a value calculated on the basis of a profitability multiple.

This would also be the case for Wendel managers holding shares under co-investment plans in Materis, Stahl, VGG, Parcours, Mecatherm, IHS, NOP and Saham (see note 4-1 to the 2013 consolidated financial statements, related to the participation of Wendel managers in the Group's investments).

As of 30 June 2014, based on the investment values used to calculate NAV or based on pricing formulas in the agreements:

Notes

- the value of *pari passu* investments made under the same risk and return conditions as Wendel by all co-investing managers (described below) and giving liquidity rights was €191 million;
- the value of the portion of these managers' investments having dilutive effects on Wendel's ownership interest was €77 million.

In accordance with accounting principles relating to minority puts and to co-investment mechanisms, a portion of these amounts is recognized within financial liabilities (€172 million). When a co-investment liability is recognized, these co-investors are no longer considered minority shareholders from an accounting standpoint. Rather, their investment is consolidated in the Group's net income and consolidated reserves. Concerning Stahl managers' 2014 liquidity rights and Materis managers' 2015 liquidity rights, Wendel recognized an expense of €45 million in H1 2014 under "Other operating income and expense". The expense represented the difference between the price of the shares repurchased under the liquidity rights and the carrying value of the corresponding minority reserves. In H1 2014, €20 million in liquidity rights were exercised under commitments made to co-investor managers of the operating subsidiaries and to minority shareholders.

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

NOTE 29. SUBSEQUENT EVENTS

In July 2014, the Standard and Poor's rating agency upgraded Wendel's long-term credit rating from BB+ to BBB- (stable outlook) and the short-term credit rating from B to A-3. Wendel has thus returned to investment grade status.

In August 2014, Wendel announced the successful refinancing of the Materis Paints and Chryso divisions of Materis (see note 4-2.3.2, "Materis financial debt: Materis Paints and Chryso"). Separately, Materis received a firm offer for Chryso and has entered exclusive negotiations with a view to selling it (see note 2, "Changes in scope of consolidation").

Statutory Auditors' Report

STATUTORY AUDITORS' REVIEW REPORT ON THE 2014 INTERIM FINANCIAL INFORMATION

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,
WENDEL
89, rue Taitbout
75009 Paris

In compliance with the assignment entrusted to us by your General 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, 2014;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Executive Board. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to Note 7-4 "Impairment tests on equity-accounted investments" to the condensed interim consolidated financial statements. In a context of uncertainties with regard to the outlook for the global economy which makes forecasting difficult, this note describes the methods applied to test the interest held in Saint-Gobain for impairment at June 30, 2014, and in particular, the sensitivity of the result of this test, with regard to changes in the discount rate, the long-term growth rate and the normative profitability taken into account for the computation of cash flows beyond the five-year business plan.

II. Specific verification

We have also verified the information given in the interim management report on the condensed interim 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 27, 2014

The Statutory Auditors
French original signed by:

PricewaterhouseCoopers Audit

ERNST & YOUNG Audit

Etienne Boris

Jean Bouquot

Certification

The Chairman of the Executive Board

Certification

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 27, 2014.

Frédéric Lemoine

English version: Traduction financière et économique sarl "Trafine"

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