HALF-YEAR FINANCIAL REPORT

2016

WENDEL

INTERIM MANAGEMENT REPORT

H1 2016 consolidated results

(in millions of euros)	H1 2015	H1 2016
Consolidated subsidiaries	333.2	365.9
Financing, operating expenses and taxes	-132.4	-130.3
Net income from business sectors[(1)]	**200.8**	**235.6**
Net income from business sectors,[(1)] *Group share*	*61.7*	*83.7*
Non-recurring income	-0.9	-475.6
Impact of goodwill allocation	-57.1	-73.2
Total net income	**142.8**	**-313.2**
Net income, Group share	*32.2*	*-425.1*

[(1)] Net income before goodwill allocation entries and non-recurring items.

H1 2016 net income from business sectors

(in millions of euros)	H1 2015	H1 2016	Δ
Bureau Veritas	207.4	201.2	-3.0%
AlliedBarton	-	17.1	n.a.
Constantia Flexibles	17.5	35.4	+101.8%
Stahl	41.0	44.6	+8.9%
Cromology	8.0	11.4	+41.6%
Saint-Gobain (equity method)	72.2	56.6	-21.6%
IHS (equity method)	-5.9	-13.5	-127.9%
Oranje-Nassau Développement	-7.1	13.2	n.a.
Parcours	8.1	4.1	-49.6%
Mecatherm	-12.7	4.7	n.a.
CSP Technologies	-2.7	3.1	n.a.
Nippon Oil Pump	0.6	1.5	+146.7%
exceet (equity method)	-0.4	-0.1	+67.2%
Total contribution from Group companies	**333.2**	**365.9**	**+9.8%**
of which Group share	*194.1*	*214.1*	*+10.3%*
Total operating expenses	**-34.9**	**-31.5**	**-9.7%**
Total financial expense	**-97.5**	**-98.9**	**+1.4%**
Net income from business sectors	**200.8**	**235.6**	**+17.3%**
of which Group share	*61.7*	*83.7*	*+35.7%*

The Supervisory Board met on September 7, 2016, under the chairmanship of François de Wendel, to review Wendel's consolidated financial statements, as finalized by the Executive Board on August 30, 2016. As always, the interim financial statements were subject to a limited review by the Statutory Auditors prior to publication.

Wendel's consolidated sales totaled €4,091.9 million, up 13.6% overall and up 1.3% organically (total organic growth excludes organic growth of Constantia Flexibles in Q1 and CSP Technologies in January).

The overall contribution of the Group's companies to net income from business sectors was €365.9 million, up 9.8% from the first half of 2015. This increase came about in particular because Wendel's recent acquisitions entered the scope of consolidation—Constantia Flexibles since April 1, 2015 and AlliedBarton since December 1, 2015—and because Mecatherm returned to profitability. These increases more than offset the decline in Saint-Gobain's contribution to net income from business sectors resulting from the sale of shares in May 2016.

Financial expense, operating expenses and taxes totaled €130.3 million, down slightly from €132.4 million in H1 2015.

Non-recurring income was €-475.6 million vs. €-0.9 million in H1 2015. In H1 2015, the loss in Wendel's consolidated statements deriving from the sale of Verallia (€-96.7 million), IHS's currency translation loss from the devaluation of the Nigerian naira (€-54.7 million) and asset impairment (€-38.1 million) was offset by the revaluation of Saint-Gobain's shares in Wendel's balance sheet (€+203.4 million).

In H1 2016, non-recurring net income was negative and principally comprised of the following items:

- an accounting loss of €229.6 million on the 30 million Saint-Gobain shares sold in May 2016;
- an accounting gain of €78.3 million[1] realized on the sale of Parcours;
- a currency translation loss recognized by IHS following the devaluation of the Nigerian naira related to dollar-denominated debt and a revaluation at fair value of commitments to co-investors resulting from IHS's increase in value (total impact of €-152.6 million);
- As part of the merger of AlliedBarton with Universal Services of America, a €44.8 million expense related to liability items must be recognized, in accordance with IFRS, before conversion to equity-method accounting. This amount will be offset in the second half by a capital gain of the same amount that will be recognized following the date of the merger.
- a €56.6 million expense related to debt repurchases in June 2016;
- asset impairment in consolidated companies and other non-recurrent items (€-70.3 million).

Consequently, Wendel's net income was €-313.2 million in the first half of 2016, compared with €142.8 million in H1 2015. Net income, Group share was €-425.1 million (vs. €32.2 million in H1 2015)

Results of Group companies

Bureau Veritas – Resilient performance, H2 improvement expected. 2020 Growth Initiatives gaining traction.

(Full consolidation)

Bureau Veritas' revenue in H1 2016 totaled €2,221.4 million, a 0.7% increase on a constant currency basis (4.2% decrease compared with H1 2015 at actual exchange rates).

The slow start to the year, with organic growth of -0.6%, reflects organic declines in commodities-related activities. In particular, oil and gas Capex-related activities (6% of BV's revenue) declined by 19%. The strategic plan launched at the end of 2015, however, is starting to produce results, with activities related to the "Eight Growth Initiatives" contributing 2.2 points to organic growth in H1 2016.

The Industry (-9.8% organic growth) and Commodities (+1.3%) businesses were impacted—as expected—by low levels of activity in Oil & Gas Capex and upstream Minerals. The slowdown in countries reliant on commodities also had an impact on GSIT (-4.2%), as did the unfavorable contract phasing.

Growth in the Construction (+0.4%) business was subdued, attributable to a slowdown in Latin America and Asia, while effects of the French market cyclical recovery are yet to be felt.

Performances are gradually improving in Consumer Products (+2.3%) led by all product categories except Hardlines. The Marine business was robust (+3%) with growth in both New Construction and In-Service, despite the headwind in offshore for the latter.

[1]Adjusted for the discontinuation of depreciation as required by IFRS 5 "Non-current assets held for sale and discontinued operations". The capital gain on the investment totaled €129.3 million.

The performance was good in resilient parts of the business, such as Certification (+5.4%), IVS (+5.2%), and the trade-related activities within Commodities. All these businesses are benefiting from commercial initiatives, as well as the early strategy to diversify either geographically or in terms of service offerings.

Acquisition growth was 1.3%, combining the contribution of acquisitions made in 2016, which are supporting five of Bureau Veritas' eight growth initiatives, as well the contribution of prior-year acquisitions.

Finally, currency fluctuations had a negative impact of 4.9%, mainly due to depreciation of emerging countries' currencies against the euro.

Adjusted operating profit was €350.5 million in H1 2016. Notwithstanding the low growth environment, margins were stable at constant currencies thanks to proactive cost management and to the Excellence@BV program, which fully offset the O&G pressure and the slight increase of Marketing & Sales spend. Owing to unfavorable exchange rate fluctuations, adjusted operating margin was down 20 basis points to 15.8% compared to 16.0% in H1 2015.
Attributable net profit for the period was €159.6 million, and earnings per share stood at €0.37.

H1 2016 operating cash flow stands at €161.2 million. Cash generation excluding movements in working capital was robust, in line with operating profit evolution. Free cash flow (available cash flow after tax, interest expenses and Capex) totaled €43.7 million, vs. €73.6 million in H1 2015.

At June 30, 2016, adjusted net financial debt was €2,184.0 million, i.e. 2.44x last-twelve-month EBITDA as defined in the calculation of banking covenants, compared with 2.31x at June 30, 2015 and 2.02x at December 31, 2015.

As expected, after a slow start in H1 2016, Bureau Veritas still anticipates a progressive acceleration of organic growth in H2, leading to the low end of the 1% to 3% guidance for the FY 2016.

For the full year, Bureau Veritas confirms its objective of a high adjusted operating margin between 16.5% and 17.0%, and still expects strong cash flow generation.

Constantia Flexibles – Total growth in revenue of 8.7% boosted by Afripack and Pemara acquisitions, organic growth 2.9%.

(Full consolidation since April 1, 2015)

Constantia Flexibles's sales increased by 8.7% to €1,024 million in the first six months of the year. Afripack and Pemara, newly acquired corporate groups in growth markets, contributed €64.3 million to sales.

Organic sales growth was 2.9% year-on-year. This growth was achieved in all markets and was generated by volume increases as well as improvements in the price/product mix. The America and Emerging Markets regions posted the strongest growth, primarily from the 2013 acquisitions of Globalpack in Mexico, Spear in the USA, and Parikh in India.

Global key accounts comprised 44.2% of group sales in the first half of 2016.

Sales of the **Food** Division increased in the first half of the year by 8.1% to €598.3 million (56.6% of H1 2016 total sales). Currency-adjusted organic growth was 1.8%. Growth in America in the first half of the year was especially encouraging for the Food Division. The business with plastic-based snack packaging posted significant sales increases. Sales in Europe declined slightly, primarily due to lower raw materials prices. Sales increased in Emerging Markets despite difficult market conditions in Turkey and Russia.

The **Pharma** Division's sales increased by 2.1% in the first half of 2016 to €153 million (13.9% of H1 2016 total sales). Adjusted for exchange rate effects, sales growth was 2.4%. In addition to an increase in sales in the core European region, the share of Emerging Markets in total sales also increased in the first half of 2016. This was attained through significantly higher exports of cold-form foils to Constantia Flexibles's long-standing customers in the new, fast growing Asian markets.

The Pharma Division will consolidate the acquisition of Oai Hung Co. Ltd., the Vietnamese manufacturer of pharmaceutical packaging, for the first time in the second half of the year. The company is headquartered in Ho Chi Minh City, has 240 employees, and posted sales of €25 million in 2015.

Sales of the **Labels** Division increased by 11.4% in the first half of 2016 to €304.5 million (29.5% of H1 2016 total sales). Currency-adjusted organic growth was 4.1%. Market growth in the first half of 2016 was characterized by increasing demand for higher-value labels (primarily self-adhesive labels), particularly in the global beer market. The 2013 acquisition of the Spear Group, the market leader in self-adhesive labels, has allowed Constantia Flexibles to accompany this market trend.

Adjusted EBITDA of Constantia Flexibles was €143.2 million in H1 2016—an increase of 10.2% compared to the previous year[2]. EBITDA margin rose to 14.0% compared to 13.8% in the previous year. Additional synergy effects from the integration of Afripack and Pemara will have positive impacts in the next two to three years.

[2] Before implementation of the holding structure

AlliedBarton Security Services – Organic growth of 6.9% in H1 2016. Merger with Universal Services of America finalized in August 2016.

(The new company will be recognized using the equity method from August 1, 2016. In accordance with IFRS 5, AlliedBarton's activities in H1 2016 are presented in the income statement under "Net income from operations to be accounted for by the equity method".)

H1 2016 sales of AlliedBarton Security Services totaled $1,183.9 million, representing purely organic growth of 6.9% vs. H1 2015. This increase resulted from new client starts, higher client retention, and growth in the existing base business accounts (hours billed and revenue per hour billed).

Adjusted EBITDA decreased by 2.3% to $66.8 million and margin was down to 5.6% from 6.2% due to higher direct labor costs, business insurance expenses, non-labor direct costs, and administrative expenses as a percentage of revenues.

On August 1, 2016, Wendel announced that AlliedBarton Security Services has completed its merger with Universal Services of America, creating the leading security company in North America.

The combined company, which operates under the Allied Universal brand, provides clients localized response and national support with industry-leading technology solutions and approximately 140,000 highly-trained officers. It is expected to have total annual revenues of approximately $4.5 billion and adjusted pro forma synergized EBITDA of approximately $440 million including approximately $100 million in synergies.

In exchange for the contribution of its shareholding in AlliedBarton Security Services, Wendel SE received approximately 33% of the shares of Allied Universal and a cash payment of approximately $387 million. Warburg Pincus and Wendel are lead investors in the combined entity with equal voting rights and three board members each, being thus co-controlling shareholders. The remainder of the share capital is split between management and other investors.

Cromology – modest organic growth, targeted acquisitions in Europe and cost adjustments

(Full consolidation)

Cromology's sales totaled €375.9 million in the first half of 2016, growing organically by 0.5%. Total growth was -2.1%, primarily reflecting difficult market conditions in France and the devaluation of the Argentine peso.

Sales contracted organically in France by 1.3%, related to deflationary market conditions; this was offset by continued healthy growth in Southern Europe of 2.2% and in the rest of the world, except for Argentina. In Argentina, first-half sales (4.5% of total sales) declined by 29.3% in euro terms owing to difficult economic conditions and especially to a devaluation of the peso.

Cromology's EBITDA stood at €36.0 million in H1 2016, down 1.4% from H1 2015 as a result of the decline in sales over the six-month period. The cost reductions that management initiated last year mitigated this decline, however, and these efforts have continued into 2016.

The financial structure remains sound, with net debt of €269.7 million, representing leverage of 4.0 times EBITDA.

In May 2016, Cromology announced that its Swiss subsidiary Vernis Claessens had acquired the paints business of Jallut, making it the leader in building protection and embellishment products in French-speaking Switzerland.

In July 2016, the Materis managers who have been with the company since the start of Wendel's involvement exercised part of their liquidity. Wendel now holds 87.3% of the company, as opposed to 84.5% as of June 30, 2016.

Stahl – organic growth of 6.6%, boosted by higher volumes and a record high operating margin

(Full consolidation)

Stahl's first-half 2016 sales totaled €330.7 million, up 4.0% from H1 2015. Stahl's sales benefited from strong organic growth (6.6%) and a slight positive scope impact (1.2%) deriving from the residual impact of the consolidation of Clariant Leather Services (Pakistani assets consolidated as of July 1, 2015) and the acquisition of the Indian company Viswaat Leather Chemicals Business in April 2016. Fluctuations in exchange rates, in particular the depreciation of the Brazilian real against the euro, had a negative impact of 3.7% on H1 sales.

Stahl's organic growth was boosted by a sharp increase in volumes in the Leather Chemicals divisions, driven by new business and slightly more favorable market conditions than in certain other sectors, as well as in Performance Coatings, where double-digit growth continued into the second quarter, driven by the fast-growing automotive sector, in particular in China.

This organic growth, combined with strict cost control and synergies from the merger with Clariant Leather Services, enabled Stahl to improve its operating margin by 390 basis points to 24.1%, giving rise to EBITDA of €79.5 million in H1 2016, up 24.0%.

Stahl's very strong operating cash flow and the resulting improvement in its financial structure enabled it to pay its shareholders a dividend of €65 million at the end of March 2016, €48 million of which was paid to Wendel. Stahl's debt ratio as of the end of H1 2016 remained low at 1.46 times EBITDA.

IHS – Continued strong growth in total revenue and profitability improvement

(Equity method)

IHS's H1 2016 sales totaled $473.0 million, up 56.5% from H1 2015, driven by new tenancy growth and acquisitions completed in 2015.

With regard to profitability, IHS continued the successful development and rationalization of its installed base of towers. The company also kept carrying a tight operating cost control policy. EBIT for the first half of the year more than tripled to $112.9 million (vs. $35.3 million in H1 2015), representing a margin of 23.9% in H1 2016 (vs. 11.7% in H1 2015).

In H1 2016, IHS also continued to pursue its growth strategy, finalizing in June the acquisition of 1,211 sites[3] from Helios Towers Nigeria Limited ("HTN") in Nigeria. This transaction is the first consolidation transaction in the African telecom towers market. It strengthens IHS's position as the market leading tower company in Nigeria and provides IHS the opportunity to optimize a larger portfolio through innovative green energy solutions and delivery of market leading quality of service.

Following the integration of HTN's towers, IHS had a total installed base of more than 23,000 towers[4] as of June 30, 2016.

IHS's net results were impacted by its strong investments to upscale its newly acquired towers as well as its accelerated amortization policy (20 years vs 50 years for BTS). In addition, the devaluation of the Nigerian naira caused IHS to recognize a currency translation loss on dollar-denominated liabilities on the books of Nigerian companies whose functional currency is the Nigerian naira. This loss was not offset in IHS's group financial statements (in US dollars) because the positive impact resulting from the conversion of the Nigerian companies' financial statements into US dollars was accounted for in the consolidated equity of IHS group. This accounting treatment has no impact on either cash or operational profitability.

To finance its development, including the acquisition of HTN's towers, IHS carried out a capital increase in August with its longstanding shareholders, at a premium compared with the previous capital increase. Wendel has invested $46 million as part of this capital increase, thereby bringing its total investment in the company to $825 million. Wendel holds approximately 26% of the share capital, remains the company's principal shareholder, and holds, together with its co-investors, 36% of the voting rights.

Saint-Gobain – Organic growth in all three business sectors and in all regions. Significant improvement in results across the board

(Equity method)

Saint-Gobain's first-half sales came in at €19,549 million, including a significant 3.5% negative currency impact resulting namely from the depreciation of Latin American currencies—and to a lesser extent the pound sterling—against the euro.

The negative 1.0% group structure impact is a result of the disposals carried out in 2015 aimed at optimizing the Building Distribution portfolio.

On a like-for-like basis, sales were up 2.9% on the back of 3.5% volume growth driven partly by the positive impact of a greater number of working days in the second quarter (estimated impact of just over +1% in the first half). All of Saint-Gobain's Business Sectors and regions delivered volume growth. In a still deflationary environment in terms of raw material and energy costs, prices remained slightly down, losing 0.6% over the six months to June 30.

Saint-Gobain's operating income climbed 7.3% on a reported basis and 10.2% like-for-like. Its operating margin[1] rallied to 7.0%, gaining 0.6 percentage points compared to first-half 2015. All Business Sectors reported margin growth, particularly in Industry and to a lesser extent Building Distribution, which was hit by the deflationary environment.

- **Innovative Materials** like-for-like sales moved up 4.4%, powered by Flat Glass. There was a further significant improvement in the Business Sector's operating margin, which came in at 11.2% vs. 10.2% one year earlier.
- **Construction Products** (CP) like-for-like sales advanced 1.6% over the first half lifted by Interior Solutions, which drove a significant improvement in the Business Sector's operating margin, up to 9.4% compared to 8.7% for the same period in 2015.
- **Building Distribution** like-for-like sales rose 3.1%, with the second-quarter performance buoyed by the positive impact of a greater number of working days. The operating margin came in at 2.8% vs. 2.6% in first-half 2015, benefiting from an upturn in volumes in Europe but affected by a deflationary environment.

After a first half in line with Saint-Gobain's forecasts, the company's outlook for the second half is as follows:

- France should gradually benefit from the recovery in new-builds after stabilizing over the six months to June 30;
- Other Western European countries should continue to deliver growth, even though the UK could be hit by uncertainties following the June 23 Brexit vote;
- North America should advance despite uncertainty in industrial markets;
- Asia and emerging countries should continue to see good organic growth for Saint-Gobain's businesses, despite the contraction in Brazil.

[3] Of which 925 live sites.

[4] Tower count is more than 22,100 excluding managed services and WIP as of June 30, 2016.

In line with its long-term objectives, Saint-Gobain bought back 10.9 million of its shares and canceled 11 million shares in the first six months of 2016.

Against this background, Saint-Gobain confirms its objectives for 2016 and expects a like-for-like improvement in operating income in the second half vs. second-half 2015.

Oranje-Nassau Développement

Through Oranje-Nassau Développement, Wendel brings together opportunities for investment in growth, diversification and innovation. In particular, it has invested in France (Mecatherm), Germany (exceet), Japan (Nippon Oil Pump) and the United States (CSP Technologies), as well as in Africa (Saham Group and SGI Africa since July 29, 2016).

Mecatherm – Return to growth in 2016 after a year hard hit by the difficulties related to the group's industrial reorganization.

(Full consolidation)

Mecatherm's sales totaled €62.1 million in the first half of 2016, up 61.9% from H1 2015. Organic growth was this high for two reasons. Firstly, the base of comparison was very favorable (unusually low base in 2015). Secondly, business development was brisk in 2015, particularly in the Crusty segment.

The new Mecatherm's management team is pursuing its action plan following the difficulties it encountered during the reorganization the group launched in 2014. Adjusted EBITDA thus totaled €7.4 million in H1 2016, vs. €-9.3 million in H1 2015, reflecting the sharp rise in sales and the success of the action plan.

In the second half, Mecatherm should continue to enjoy its rejuvenated profitability. Nevertheless, the level of new orders has declined since the start of the year, and this should cause growth and margins to decline in H2 compared with H1.

CSP Technologies – Good organic growth. Acquisition of Maxwell Chase Technologies.

(Full consolidation since February 2015)

CSP Technologies posted sales of $62.6 million in H1 2016, representing total growth of 24.8%. Organic growth was 13.3%, driven mainly by higher demand from key existing customers, sales to new customers and certain sales that are not expected to recur during the remainder of the year. CSP experienced an increase in volume across all of its end markets in the first half, particularly in diabetes test strips. External growth during the first half totaled 11.3%, reflecting consolidation of Maxwell Chase from mid-March.

CSP generated adjusted EBIT[5] of $14.0 million in H1 2016, or 22.3% of sales. This temporary increase in profitability is principally due to lower D&A.

On March 16, 2016, CSP Technologies NA announced the acquisition of Maxwell Chase Technologies ("Maxwell Chase"). With its head office located in the United States, Maxwell Chase produces absorbent and non-absorbent packaging solutions for the agri-food industry. The company achieved net sales in the region of $17 million in 2015. Maxwell Chase is CSP Technologies' first acquisition since Wendel's initial investment in January 2015. It represents a significant platform for further expansion into the food industry, in line with CSP's diversification and growth strategy. The integration of Maxwell Chase is proceeding according to plan.

Wendel has supported CSP Technologies in this strategic acquisition by making an additional investment of ca. $29 million. Wendel's equity investment in CSP Technologies now totals $227 million.

Nippon Oil Pump – Sales stable amid challenging economic environment in principal markets

(Full consolidation)

In the first half of 2016, Nippon Oil Pump's sales totaled ¥2,675 million, up 0.2%, made up of 0.8% organic growth and a currency effect of -0.6%.

Sales of latest generation Vortex pumps doubled during the period. Sales of the company's historical products suffered a decline in demand, however, with trochoid pump sales retreating 0.2% and hydraulic motor sales falling 14.5%.

Against this challenging environment, NOP's management has implemented a very strict cost control policy. This has resulted in a clear improvement in the margin, which came in at 15.8% in H1 2016 vs. 10.1% in the year-earlier period.

exceet – Refocusing the business on electronics and secure systems. Operations stabilizing in Q2.

(Equity method) In accordance with IFRS 5, the results of the IDMS division for 2015 and 2016 have been included in "Net income from discontinued operations and operations held for sale", following the launch of a procedure to sell this division.

[5] Before restatement of goodwill allocation

In H1 2016, exceet's sales totaled €65.4 million, down 5.3%. exceet's low level of sales, combined with the project mix and a restructuring-related decline in productivity, generated unsatisfactory EBITDA of €3.5 million in the first half of the year, reperesenting a margin of 5.4%. In H1 2015, EBITDA was €3.6 million, representing a margin of 5.2%.

To shore up its profitability and reduce its top-line volatility, exceet decided in March 2016 to launch a procedure to sell the ID Management & Systems (IDMS) business. Its objective is to refocus the group's activity on the synergistic Electronics Components Modules and Systems (ECMS) and Secure Solutions (ESS) divisions.

Saham Group – Insurance activities and customer relationship centers performed well

(Not consolidated)

Saham Group's sales totaled MAD 6.0 billion in the first half of 2016, up 14% from H1 2015.

Insurance activities posted total growth of 14% in H1 2016, owing to robust organic growth of 8% and to the contribution of Continental Re in Nigeria (acquired in June 2015). All insurance entities saw their gross premiums rise in H1 2016, with increases, in particular, of 7% in Morocco (ca. 40% of gross premiums), 6% in Angola and 7% in the rest of Africa.

The customer relationship centers business continued to perform well, with 37%[6] growth in 2016 (including 28% organic growth), owing in particular to Phone Group's vigorous business development in Morocco, Côte d'Ivoire and Senegal, as well as to rapid growth at Ecco (acquired in March 2015) in Egypt.

Saham Group is pursuing the growth and development of its Healthcare, Education and Real Estate businesses, with priority on Morocco. In the Real Estate business, two Moroccan projects, Vert Marine and Almaz, are being marketed, while SANA Education (a joint venture between Saham and Tana Capital) has opened three primary and secondary schools in Rabat and Casablanca.

Other significant events since the beginning of 2016

Rebalancing and portfolio turnover

Divestment of Parcours

On May 3, Wendel announced the sale of Parcours to ALD Automotive, Société Générale's long-term leasing subsidiary.

ALD Automotive acquired all of the shares of Parcours, valuing the shareholders' equity at €300 million. For Wendel the net proceeds of the transaction totaled €240.7 million. This amount represents around 2.2 times Wendel's initial investment and an IRR of around 18% p.a. since April 2011.

Parcours employs more than 450 people in five countries and achieved 2015 sales of €374 million. Since 2010, the fleet of vehicles managed by Parcours has increased by nearly 10% p.a. on average and the company's workforce has doubled.

Wendel sold 5.3% of Saint-Gobain and issued €500 million in exchangeable bonds

Wendel sold 30 million Saint-Gobain shares for €1,155 million. As part of its share buyback program, Saint-Gobain participated in the placement by acquiring 10 million shares.

Following the sale and the cancellation of the shares repurchased by Saint-Gobain, Wendel now holds 6.5% of Saint-Gobain's share capital[7] and approximately 11.1% of its voting rights. This holding enables Wendel to remain one of Saint-Gobain's significant shareholders under the existing corporate governance agreements.

At the same time, Wendel successfully issued €500 million in bonds exchangeable into Saint-Gobain shares.

These bonds mature in 3.2 years and carry a premium of 35% over the share price at which the sale transaction was carried out, i.e. €51.98 per Saint-Gobain share. They were issued at par on May 12, 2016 and will be repaid on July 31, 2019.

The issue was very well received by investors and was more than two times oversubscribed. The bonds were placed with an international investor base, including French investors.

First investment in African commercial real estate

On July 29, Wendel announced that it had finalized the acquisition of 40% of the capital of SGI Africa, alongside the CFAO group.

SGI Africa is a fast-growing, pan-African real-estate company created by CFAO to support its mass-market retailing business plan. SGI Africa develops and operates shopping centers primarily through its PlaYce brand. The company opened its first PlaYce shopping center in Côte d'Ivoire at the end of 2015 (PlaYce Marcory, Abidjan) and aims to expand into seven other West and Central African countries: Cameroon, Republic of the Congo, Nigeria, Ghana, Gabon, Senegal, and the Democratic Republic of Congo. Over the next five to seven years, SGI Africa plans to build then operate 20 shopping centers, each including a Carrefour hypermarket or supermarket, as well as a portfolio of brands under franchise to CFAO. These projects represent an investment of around €500 million, which will be financed by shareholders' equity and bank debt.

[6] Growth in aggregate sales

[7] Net of shares held in treasury.

The shareholders of SGI Africa now include Wendel (40% of the capital), CFAO (40%) and FFC (partnership between CDC International Capital and Qatar Investment Authority, 20%).

Through Oranje-Nassau Développement, Wendel made an initial investment of around €25 million in SGI Africa in July and will gradually invest up to €120 million over the next few years.

Gross debt reduced, maturity extended and cost of debt reduced.

- Wendel repaid all the bonds maturing on May 26, 2016, bearing interest at 4.875% and with a par value of €644 million,
- Issued €500 million in zero-coupon bonds exchangeable into Saint-Gobain shares on May 12, and
- Repurchased €400 million, premiums included, of the bond issues maturing in August 2017 and September 2019.

These transactions have enabled Wendel to continue reducing the average cost of its bond debt to less than 3.5% on average, vs. 4.3% as of the end of March 2016. The average maturity of Wendel's debt as of June 30, 2016 was 4.5 years.

In addition, Wendel has announced the cancellation of a €350 million, undrawn bank line of credit with margin calls, maturing in December 2019. Wendel now has a total of €1.15 billion in undrawn lines, maturing between November 2019 and March 2020.

NET ASSET VALUE (ANR)

NAV at August 26, 2016: €145.8 per share

Net asset value was €6,863 million or €145.8 per share as of August 26, 2016 (see Appendix 1 below for detail), a 6.9% rise from €136.4 per share as of December 31, 2015. The discount to NAV was 33.2% as of August 26, 2016.

As previously announced and in accordance with the methodology, the value of Stahl was reduced, as it took into account a firm offer received in May 2015. This offer is no longer taken into account in the calculation. Concerning IHS, as of August 26, 2016, as previously announced and in accordance with the NAV calculation methodology, the company was valued for the first time based on the multiples of comparable, listed peer-group companies.

The value of Constantia Flexibles, however, was reduced by €6-8 of NAV per share to take into account the syndication of part of the investment to Maxburg. This investment will be valued by peer-group multiples beginning with the November 18, 2016 NAV. Allied Universal remains valued on the basis of AlliedBarton's acquisition price of $300 million. This company will be valued on the basis of peer-group multiples in 2017.

(in millions of euros)			8/26/2016
Listed equity investments	Number of shares (millions)	Share price (1)	**4,838**
Bureau Veritas	177.2	€19.5	3,452
Saint-Gobain	35.8	€38.7	1,386
Unlisted investments and Oranje-Nassau Développement(2)			**3,800**
Other assets and liabilities of Wendel and holding companies (3)			**111**
Cash and marketable securities (4)			1,814
Gross assets, revalued			**10,563**
Wendel bond debt and accrued interest			(3,701)
Net Asset Value			**6,863**
Number of shares			*47,081,029*
Net Asset Value per share			**145.8**
Average of 20 most recent Wendel share prices			97.3
Premium (discount) on NAV			**(33.2%)**

(1) Average of 20 most recent closing prices, calculated as of August 26, 2016.

(2) Unlisted equity investments (Cromology, Stahl, IHS, Constantia Flexibles and Allied Universal) and Oranje-Nassau Développement (NOP, Saham, Mecatherm, exceet, CSP Technologies, SGI Africa, indirect investments and debt (Kerneos and Sterigenics)). As previously announced and in accordance with the methodology, the value of Stahl was reduced, as it took into account a firm offer received in May 2015. This offer is no longer taken into account in the calculation. As of August 26, 2016, as previously announced and in accordance with the NAV calculation methodology, IHS was valued for the first time based on the multiples of comparable, listed peer-group companies. As an exception to the NAV calculation method, and to reflect the fast - growing nature of IHS's business, only 2016 and 2017 EBITDA were used in IHS's value calculation. In addition, this calculation is based on net debt estimated as of 12/31/2016 (and not as of 06/30/2016) because significant investments are expected in H2 2016. The value of Constantia Flexibles was reduced by €6-8 of NAV per share to take into account the syndication of part of the investment to Maxburg. This investment will be valued by peer-group multiples beginning with the November 18, 2016 NAV. Allied Universal remains valued on the basis of AlliedBarton's acquisition price of $300 million. This company will be valued on the basis of peer-group multiples starting in 2017.

(3) Includes 1,278,555 shares held in treasury as of August 26, 2016.

(4) Cash and marketable securities owned by Wendel and holding companies, including €1,508 million in cash on hand and €306 million in liquid financial investments.

Assets and liabilities denominated currencies other than the euro have been converted at exchange rates prevailing on August 26, 2016.

If co-investment conditions are realized, there could be a dilutive effect on Wendel's percentage ownership. These items have been taken into account when calculating NAV. See page 247 of the 2015 Registration Document.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS H1 2016

1 Balance sheet - consolidated financial position

Assets

In millions of euros	Note	06/30/2016	12/31/2015
Goodwill, net	5 and 6	3,543.5	4,305.0
Intangible assets, net	5	2,240.8	2,705.3
Property, plant & equipment, net	5	1,577.5	1,592.7
Non-current financial assets	5 and 9	353.4	469.6
Pledged cash and cash equivalents	5 and 8	0.7	34.6
Equity-method investments	5 and 7	2,173.8	3,726.8
Deferred tax assets	5	210.0	196.8
TOTAL NON-CURRENT ASSETS		**10,099.7**	**13,030.8**
Assets of operations held for sale	**13**	**43.7**	**970.8**
Assets of operations to be recognized using the equity method	**13**	**1,751.0**	**-**
Inventories	5	540.2	485.8
Trade receivables	5	1,948.2	2,044.0
Other current assets	5	301.5	264.5
Current income tax assets	5	65.7	73.1
Other current financial assets	5 and 9	411.7	421.3
Cash and cash equivalents	5 and 8	1,620.6	1,188.6
TOTAL CURRENT ASSETS		**4,887.9**	**4,477.3**
TOTAL ASSETS		**16,782.3**	**18,478.9**

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

Liabilities and shareholders' equity

In millions of euros	Note	06/30/2016	12/31/2015
Share capital		192.0	192.0
Share premiums		33.2	31.7
Retained earnings & other reserves		2,560.0	2,904.5
Net income for the period – Group share		-425.1	-146.2
		2,360.2	**2,982.0**
Non-controlling interests		922.2	972.5
TOTAL SHAREHOLDERS' EQUITY	**10**	**3,282.4**	**3,954.5**
Long-term provisions	5 and 11	473.5	453.4
Financial debt (non-current portion)	5 and 12	7,261.2	8,660.9
Other non-current financial liabilities	5 and 9	727.6	748.4
Deferred tax liabilities	5	728.8	722.0
TOTAL NON-CURRENT LIABILITIES		**9,191.1**	**10,584.6**
Liabilities of operations held for sale	**13**	**11.4**	**794.3**
Liabilities of operations to be recognized using the equity method	**13**	**1,169.8**	**-**
Short-term provisions	5 and 11	66.1	136.0
Financial debt (current portion)	5 and 12	964.4	910.3
Other current financial liabilities	5 and 9	269.5	184.6
Trade payables	5	830.8	785.0
Other current liabilities	5	906.1	1,034.3
Current income tax liabilities	5	90.7	95.2
TOTAL CURRENT LIABILITIES		**3,127.6**	**3,145.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**16,782.3**	**18,478.9**

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the assets and liabilities of the AlliedBarton Group have been reclassified to "Assets of operations to be recognized using the equity method" and "Liabilities of operations to be recognized using the equity method" as of June 30, 2016, *i.e.* the accounting closing date of AlliedBarton closest to the signing of the merger agreement described in note 2 "Changes in scope of consolidation" and note 13 "Operations to be recognized using the equity method."

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

2 Consolidated income statement

In millions of euros	Note	1st half 2016	1st half 2015
Net sales	5 and 14	4,091.9	3,602.7
Other income from operations		5.4	1.9
Operating expenses		-3,684.6	-3,232.1
INCOME FROM ORDINARY ACTIVITIES		**412.7**	**372.5**
Other operating income and expenses	5	-27.8	-28.5
OPERATING INCOME	**5**	**384.9**	**344.0**
Income from cash and cash equivalents		1.7	1.4
Finance costs, gross		-200.5	-190.0
Finance costs, net	*5 and 15*	*-198.8*	*-188.6*
Other financial income and expense	5 and 16	-114.0	-3.1
Tax expense	5 and 17	-114.7	-106.8
Net income (loss) from equity-method investments	5 and 18	-306.0	89.9
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**-348.6**	**135.3**
Net income from discontinued operations and operations held for sale	13	81.7	7.5
Net income of operations to be recognized using the equity method	13	-46.2	-
NET INCOME		**-313.2**	**142.8**
Net income – non-controlling interests		111.9	110.6
NET INCOME – GROUP SHARE		**-425.1**	**32.2**

In euros	Note	1st half 2016	1st half 2015
Basic earnings per share	19	-9.27	0.70
Diluted earnings per share	19	-9.46	0.59
Basic earnings per share from continuing operations	19	-10.07	0.54
Diluted earnings per share from continuing operations	19	-10.26	0.43
Basic earnings per share from discontinued operations	19	0.80	0.16
Diluted earnings per share from discontinued operations	19	0.80	0.15

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations":

- the contribution of AlliedBarton in H1 2016 was reclassified to a single income statement line, "Net income of operations to be recognized using the equity method," as of June 30, 2016, *i.e.* the closing date of AlliedBarton closest to the signing of the merger agreement described in note 2 "Changes in scope of consolidation";
- the gain on divestment of Parcours, together with the contribution of the Parcours Group in H1 2015 and the four-month period until the effective divestment in H1 2016 are recognized in "Net income from operations held for sale" (see note 2, "Changes in scope of consolidation").

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

3 Statement of comprehensive income

In millions of euros	1st half 2016			1st half 2015		
	Gross amounts	Tax effect	Net amounts	Gross amounts	Tax effect	Net amounts
Items recyclable into net income						
Currency translation reserves	-45.6	-	-45.6	248.1	-	248.1
Gains and losses on qualified hedges	-4.9	1.2	-3.7	13.7	-16.3	-2.7
Gains and losses on assets available for sale	-5.6	-	-5.6	3.3	-	3.3
Earnings previously recognized in shareholders' equity taken to the income statement	1.7	-0.4	1.3	-0.5	0.1	-0.4
Items non-recyclable into net income						
Actuarial gains and losses	-42.6	16.1	-26.5	65.5	-22.1	43.4
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (A)	**-97.0**	**16.9**	**-80.2**	**330.1**	**-38.3**	**291.8**
Net income for the period (B)			-313.2			142.8
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)			**-393.4**			**434.6**
Attributable to:						
▪ shareholders of Wendel			-492.4			277.6
▪ non-controlling interests			99.1			157.0

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

4 Changes in shareholders' equity

In millions of euros	Number of shares outstanding	Share capital	Share pre-miums	Treasury shares	Retained earnings & other reserves	Currency translation adjust-ments	Group share	Non-controlling interests	Total share-holders' equity
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2014	**46,034,587**	**191.2**	**23.2**	**-157.9**	**2,485.7**	**-78.7**	**2,463.5**	**628.9**	**3,092.4**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	54.4	87.9	142.2	-14.8	127.4
Net income for the period (B)					-146.2	-	-146.2	170.7	24.5
TOTAL INCOME AND EXPENSES RECOGNIZED DURING THE PERIOD (A)+(B) (1)		**-**	**-**	**-**	**-91.9**	**87.9**	**-4.0**	**155.9**	**151.9**
Dividends paid (2)					-92.6		-92.6	-146.6	-239.2
Movements in treasury shares	-201,353			-45.4			-45.4	-	-45.4
Capital increase									
■ exercise of stock options	177,745	0.7	7.0				7.7	-	7.7
■ company savings plan	18,250	0.1	1.5				1.6	-	1.6
Share-based payments					16.2		16.2	11.8	27.9
Changes in scope of consolidation					671.5	6.0	677.5	522.7	1,200.2
Other					-38.5	-4.0	-42.5	-200.1	-242.6
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2015	**46,029,229**	**192.0**	**31.7**	**-203.3**	**2,950.3**	**11.2**	**2,982.0**	**972.5**	**3,954.5**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	-25.8	-41.6	-67.4	-12.8	-80.2
Net income for the period (B)					-425.1	-	-425.1	111.9	-313.2
TOTAL INCOME AND EXPENSES RECOGNIZED DURING THE PERIOD (A)+(B) (1)		**-**	**-**	**-**	**-450.8**	**-41.6**	**-492.4**	**99.1**	**-393.4**
Dividends paid (2)					-98.7		-98.7	-158.7	-257.4
Treasury shares	-290,721			-29.5			-29.5		-29.5
Capital increase									
■ exercise of stock options	17,850	0.1	1.5				1.6		1.6
Share-based payment: stock options (incl. equity-method investments)					11.0		11.0	9.6	20.6
Changes in scope of consolidation					-7.2	-1.8	-9.0	-2.0	-10.9
Other					9.5	-14.2	-4.7	1.7	-3.0
SHAREHOLDERS' EQUITY AS OF JUNE 30, 2016	**45,756,358**	**192.0**	**33.2**	**-232.8**	**2,414.1**	**-46.4**	**2,360.2**	**922.2**	**3,282.4**

(1) *See "Statement of comprehensive income."*
(2) *In H1 2016, Wendel paid a dividend of €2.15 per share, for a total of €98.7 million. In 2015, Wendel paid a dividend of €2 per share, for a total of €92.6 million.*

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

5 Consolidated cash flow statement

In millions of euros	Note	1st half 2016	1st half 2015
Cash flows from operating activities			
Net income		-313.2	142.8
Share of net income/loss from equity-method investments		306.0	-89.9
Net income from discontinued operations and operations held for sale		-80.3	-
Depreciation, amortization, provisions and other non-cash items		252.7	279.2
Expenses on investments and divestments		48.4	4.8
Cash flow from operations held for sale or to be recognized using the equity method		50.5	-
Gains/losses on divestments		1.1	3.4
Financial income and expense		312.8	195.6
Taxes (current & deferred)		114.7	111.2
Cash flow from consolidated companies before tax		692.7	647.1
Change in working capital requirement related to operating activities		-232.9	-169.0
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX	**5**	**459.8**	**478.2**
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	20	-129.3	-311.9
Disposal of property, plant & equipment and intangible assets		10.5	43.9
Acquisition of equity investments	21	-174.2	-1,680.3
Disposal of equity investments	22	1,401.0	975.1
Impact of changes in scope of consolidation and of operations held for sale	23	-21.8	55.7
Changes in other financial assets and liabilities and other	24	-5.5	-143.8
Dividends received from equity-method investments and unconsolidated companies	25	45.8	0.7
Change in working capital requirements related to investment activities		-35.2	-10.6
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX	**5**	**1,091.3**	**-1,071.1**
Cash flows from financing activities, excluding tax			
Proceeds from issuance of shares		1.6	4.4
Contribution of non-controlling shareholders		0.8	244.5
Share buybacks:			
▪ Wendel		-29.5	-1.6
▪ Subsidiaries		-20.3	-23.3
Dividends paid by Wendel		-98.7	-92.6
Dividends paid to non-controlling shareholders of subsidiaries		-147.8	-138.1
New borrowings	26	695.2	2,252.3
Repayment of borrowings	26	-1,133.9	-972.2
Net finance costs		-220.5	-179.5
Other financial income/expense		-8.3	-91.3
Change in working capital requirements related to financing activities		-52.5	-12.3
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX	**5**	**-1,014.0**	**990.4**
Cash flows related to taxes			
Current tax expense		-132.6	-139.3
Change in tax assets and liabilities (excl. deferred taxes)		-1.0	11.1
NET CASH FLOWS RELATED TO TAXES	**5**	**-133.6**	**-128.2**
Effect of currency fluctuations		-5.4	20.6
Net change in cash and cash equivalents		398.1	289.8
Cash and cash equivalents at beginning of period		1,223.2	1,193.0
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5 AND 8**	**1,621.3**	**1,482.9**

The cash flows of AlliedBarton have been retained within each of the cash flow line items up until June 30, 2016, the date on which the entity was reclassified to "Operations to be recognized using the equity method," *i.e.* the closing date closest to the signing of the merger agreement described in note 2 "Changes in scope of consolidation." Only the cash balance of €38.8 million as of June 30, 2016 was reclassified to "Impact of changes in scope of consolidation and of operations held for sale."

The cash flows of Parcours, which was reclassified under operations held for sale as of December 31, 2015, were retained within each of the cash flow line items for H1 2015.

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

6 General principles

Wendel is a European company with an Executive Board and a Supervisory Board, governed by European and French legislative and regulatory provisions that are or will be in force. The Company is registered in the Paris Company Register *(Registre du commerce et des sociétés)* under 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.

As of June 30, 2016, the Wendel Group was composed principally of:

- fully-consolidated operating companies: Bureau Veritas (40.6% net of treasury shares), Materis (84.5%) (1), composed in turn of the holding companies Materis and Cromology, Stahl (75.3%), Constantia Flexibles (60.5%), AlliedBarton, which is classified under "Assets and liabilities of operations to be recognized using the equity method" as of June 30, 2016, and the companies held by Oranje-Nassau Développement: Mecatherm (99.2%), CSP Technologies (98.4%), Nippon Oil Pump (97.7%) and Parcours, classified in 2015 and 2016 under "Assets and liabilities of operations held for sale";
- operating companies recognized using equity method: Saint-Gobain (6.5% net of treasury shares), IHS (25.6%) (2), and exceet (28.4% net of treasury shares), which is held by Oranje-Nassau Développement; and
- Wendel and its fully consolidated holding companies.

The Wendel Group condensed consolidated first-half financial statements cover the six-month period from January 1 to June 30, 2016 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.

Each accounting item in these financial statements includes the contribution of all of the Group's fully consolidated companies. However, each of Wendel's subsidiary companies is managed independently under the responsibility of its own executive management. It is therefore important to consider subsidiaries' individual performance using relevant aggregate accounting data for their respective business activities.

Aggregate data for each fully-consolidated subsidiary are presented in note 5 "Segment information," which shows the contribution of each subsidiary to the income statement, balance sheet, and cash flow statement. Summarized information for equity-method investments is set out in note 7 "Equity-method investments." An analysis of the Group's overall performance by business activity is provided in note 5 "Segment information," which details recurring net income by business activity and non-recurring net income. There is no financial recourse between the different operating subsidiaries or from the operating subsidiaries to Wendel and its holding companies (see note 4-2.2, "Liquidity risk of operating subsidiaries"). The debt positions of the fully-consolidated subsidiaries, and of Wendel and its holding companies, are presented individually in note 4-2 "Managing Liquidity Risk."

These financial statements were adopted by Wendel's Executive Board on August 30, 2016.

(1) This is the percentage held from a legal point of view. For consolidation purposes, Materis has been consolidated with a holding of 90%. This percentage includes the shares held by Materis managers and former managers that might be repurchased in the context of the liquidity offered to them in 2016 (see note 27-6 "Shareholder agreements and co-investment mechanisms").

(2) This percentage does not include the co-investors' share, which must be recorded in the Group share in accordance with IFRS (see note 7 "Equity-method investments").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: DETAILED CONTENTS

7 Notes

NOTE 1 Accounting principles

This set of consolidated financial statements for the first half of 2016 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 2015 fiscal year included in the registration document filed with the AMF on April 8, 2016 under number D.16-0308.

With the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2016, these accounting principles are the same as those used in preparing the consolidated financial statements for the fiscal year ended December 31, 2015. 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/finance/accounting/ias/index_en.htm."

The Group has adopted standards and texts applicable from the fiscal year beginning on January 1, 2016. These amendments are as follows:

- Amendment to IAS 1 "Disclosure Initiative";
- Amendment to IAS 19 "Employee contributions and discount rates";
- Amendments to IAS 16 and IAS 38, "Property, plant & equipment" and "Intangible assets – Revaluation method";
- Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations."

These had no material impact on the consolidated financial statements for the first half of 2016.

NOTE 2 Changes in scope of consolidation

The scope of consolidation of the Wendel Group is presented under "General principles."

Note 2-1 Disposal of the Parcours Group (long-term vehicle leasing to corporate customers)

On May 3, 2016, the Group finalized the sale of the Parcours Group to ALD Automotive, a subsidiary of the Société Générale Group. Under the transaction, Parcour's equity was measured at €300 million. Net proceeds from the sale for the Wendel Group amounted to €240.7 million. This corresponds to about 2.2x Wendel's total investment (cash on cash); *i.e.* a capital gain of €129.3 million on its investment and an IRR of around 18% since April 2011.

Parcour's net income was consolidated in "Net income of operations held for sale" until April 30, 2016, the closing date of Parcours closest to the date of the sale, for an amount of €42.9 million, after the discontinuation of depreciation in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations." The net gain from this divestment was recognized under this same item in the income statement in the amount of €38.9 million. Excluding the end of amortization, net income for the period came to €3.5 million and the capital gain to €78.3 million. The contribution of Parcours to net income in H1 2015 presented for comparison was also reclassified to this item.

For information, net sales generated by Parcours in 2015 amounted to €374 million and income from ordinary activities before tax came to €28 million.

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

At the beginning of May 2016, the Group sold 30 million Saint-Gobain shares (of which 10 million to Saint-Gobain), or 5.3% of the share capital, for a net amount of €1,155 million. Wendel's 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 between Wendel and Saint-Gobain, published on May 26, 2011, remain unchanged and in effect until 2021. They govern the principles and objectives of their 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 €229.6 million (net of selling costs) was recognized under "Net income from equity-method investments."

In parallel with the transaction, bonds were issued in the amount of €500 million, exchangeable for 9,619,085 Saint-Gobain shares at an exchange price of €51.98 per share (see note 4-2 "Managing liquidity risk").

In addition, during the first half of 2016, Wendel's percentage interest in Saint-Gobain changed as a result of:

- the capital increase reserved for employees;
- the exercise of stock options; and
- treasury share sales and buybacks.

These factors led to a non-material increase of 0.1% in the Wendel Group's stake in Saint-Gobain.

As of June 30, 2016, the Wendel Group held 35,812,635 Saint-Gobain shares, representing 6.5% of the capital (net of treasury shares) and 11.1% of the voting rights.

Note 2-3 Merger of AlliedBarton and Universal Services of America (security services)

On May 3, 2016, the AlliedBarton Group announced its intention to merge with Universal Services of America to create the leading security group in North America. The merger was completed on August 1, 2016. Following the transaction (after the reporting date), thanks to its investment in AlliedBarton Security Services, Wendel now jointly controls Allied Universal with a stake of around 33% and received approximately $387 million in cash. Due to the significant influence the Group has over Allied Universal, the newly merged entity, it will be consolidated using the equity method from August 1, 2016.

With around 140,000 qualified employees, Allied Universal provides state-of-the-art technology solutions to its clients through both local and national services. Combined net sales of Allied Universal came to approximately $4.5 billion.

IFRS 5 was applied to the investment in AlliedBarton at June 30, 2016, the closing date closest to the signing of the agreement of May 3, 2016. This standard applies because, from an accounting point of view, this transaction corresponds to a disposal of AlliedBarton, which was under exclusive control, and an investment in Allied Universal under joint-control (equity method). The contribution of the AlliedBarton Group to Wendel's consolidated net income is therefore reclassified to the single item "Net income of operations to be recognized using the equity method" in H1 2016. Likewise, the contribution to the balance sheet at June 30, 2016 is recognized under two separate items: "Assets of operations to be recognized using the equity method" and "Liabilities of operations to be recognized using the equity method." In the cash flow statement, the cash balance of the AlliedBarton Group was reclassified to "Impact of changes in scope of consolidation" at June 30, 2016, the date on which this division was reclassified as an operation to be recognized using the equity method.

An expense of €44.8 million was recognized for this transaction, which will be offset in the second half by a capital gain of the same amount to be recognized following the merger.

Note 2-4 Principal changes in scope of consolidation of subsidiaries and associates

Note 2-4.1 Changes in scope of consolidation of the Bureau Veritas Group (compliance evaluation and certification services)

During the first half of 2016, Bureau Veritas carried out the following acquisitions:

- HCD Group, a British company specializing in building audits, technical assistance for CDM *(Construction, Design and Management)* regulatory compliance and fire safety, and engineering services;
- Chongqing Liansheng Construction Project Management Co., Ltd. ("Chongqing Liansheng"), a Chinese company, specializing in regulatory technical supervision for construction projects;
- Dairy Technical Services ("DTS"), an Australian company that is a partner to numerous Australian companies in the agri-food industry, providing monitoring services to ensure the integrity of the agricultural and food produce;
- TMC Marine Ltd., an English global advisory and engineering firm specializing in consultancy and support services for the marine industry (prevention and post-claim);
- VEO Standards Technical Service Co. Ltd. ("VEO"), a compliance audit firm in the automotive industry in China; and
- Summit Inspection Services Inc., a US company specializing in fugitive emission inspection services, particularly for operations in the petrochemical industry.

The total acquisition price was €131.8 million and the total goodwill recognized on these companies was €85.8 million (incl. €27 million for Chongqing Liansheng). 2015 annual net sales for the companies acquired in the first half of 2016 totaled approximately €105 million.

Note 2-4.2 Changes in scope of consolidation of the Constantia Flexibles Group (flexible packaging)

The Constantia Flexibles Group consolidated Afripack and Pemara, acquired end-2015, from January 1, 2016. The equity investments of these companies were classified as non-current financial assets as of December 31, 2015.

Afripack is the second-largest flexible packaging company in sub-Saharan Africa. The company produces flexible packaging solutions for the agri-food industry as well as labels for the local market and for export to other African countries.

The Australian firm Pemara Labels Group produces self-adhesive labels and in mold labeling, which forms an integral part of the packaging of the product, as well as leaflet labels. This company is also a leader in digital printing solutions.

Net sales of these two companies in 2015 totaled approximately €108 million for Afripack and €34 million for Pemara.

Total provisional goodwill generated by both of these acquisitions totaled €33.9 million.

Note 2-4.3 Changes in scope of consolidation of the CSP Technologies Group (high-performance plastics packaging)

In March 2016, the CSP Technologies Group announced the acquisition of US group Maxwell Chase Technologies, specialized in the production of absorbent and non-absorbent packaging solutions for the agri-food industry. Maxwell Chase Technologies generated net sales of €15 million in 2015.

Provisional goodwill arising from this acquisition totaled €20.3 million.

As part of the financing of this acquisition, Wendel made a supplementary investment in CSP Technologies for an amount of €27.2 million.

NOTE 3 Related parties

Wendel's related parties are:

- Saint-Gobain, exceet and IHS, which are recognized using the equity method;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

During H1 2016, Wendel received €44.4 million in dividends from Saint-Gobain. In addition, of the 30 million Saint-Gobain shares sold during the period, 10 million were bought back by Saint-Gobain (see note 2 "Changes in scope of consolidation").

In June 2016, the Group paid a dividend of €2.15 per share, including €37.2 million to Wendel-Participations.

In accordance with the policy of encouraging Wendel managers to participate in Group investments (see note 4, "Participation of managers in Group investments" in the 2015 consolidated financial statements), the management team (including the Executive Board) has co-invested 0.5% of the additional amounts invested by the Group in CSP Technologies during H1 2016 (see note 2, "Changes in scope of consolidation").

Furthermore, in accordance with the co-investment rules applicable to Parcours (see note 4, "Participation of managers in Group investments" in the 2015 consolidated financial statements), it will be unwound at the end of H2 2016 as a result of its disposal in May 2016 (see note 2 "Changes in scope of consolidation"). Since Wendel will have met the minimum return conditions, the share attributable to some 20 co-investors involved is expected to amount to €9.7 million (20% of the co-investment was made by the Chairman of the Executive Board and 13.33% by the other member of the Executive Board).

There were no other significant changes during the period in transactions with related parties as detailed in note 3, "Related parties" to the 2015 consolidated financial statements.

NOTE 4 Managing financial risks

The management of financial risks (equity, liquidity, interest-rate, credit, currency and raw materials risks) is presented in note 5 to the 2015 consolidated financial statements. The principal financial risks as of June 30, 2016 are described in the following notes:

Note 4-1 Equity market risk

Equity market risk relates chiefly 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 in note 7, "Equity-method investments");
- the Saham shares are recorded as financial assets and recognized at their fair value. 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. Changes in value are recorded within shareholders' equity unless there is a decline in value that is considered to be significant or lasting, in which case an impairment charge is recognized in the income statement. This charge can be reversed through the income statement only in the event of divestment. As of June 30, 2016, the net carrying amount of these securities was revalued through equity at €107 million, compared with €113 million as of end-2015 (see note 9, "Financial assets and liabilities");
- financial investments indexed to the equity markets, the total value of which was €60 million as of end-June 2016. A large proportion of these investments is 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, which would be recognized largely in the income statement;
- the optional component (call option) of bonds exchangeable for Saint-Gobain shares issued in H1 2016 (see note 4-2, "Managing liquidity risk"). As of June 30, 2016, this component was valued at fair value in liabilities in the amount of €12.5 million after taking into account a value adjustment that resulted in the recognition of income of €3.5 million in H1 2016. Sensitivity to the Saint-Gobain share price was weak as of June 30, 2016 (the exchange price is €51.98 per share, and Saint-Gobain's closing price was €34.36 per share): a +/-5% variation in the share price would have an impact of -/+ €4 million in profit or loss;
- 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 4-2 to the 2015 consolidated financial statements, "Managing liquidity risk." As of June 30, 2016, 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 issues.

In millions of euros	Net book value (Group share)	Market value (closing share price)	Impact on market value of a 5% decline in share prices	Balance sheet note	Impact on net income: of a +/-5% change in share prices	Impact on net income: of a +/-0.5% change in discount rate applied to the value of future cash flows	Impact on net income: of a +/-0.5% change in perpetual growth rate used to calculate discounted future cash flows	Impact on net income: of a 1% reduction in the normative margin used to discount cash flows in postbusiness-plan periods
Equity-method investments								
Saint-Gobain	1,599.0	1,230.3	-61.5	7	N/A (1)	+48/-159	+48/-116	-242
IHS (excl. co-investors' share)	533.2	N/A	N/A	7	N/A	N/A (2)	N/A (2)	N/A (2)
Oranje-Nassau Développement – exceet	32.0	14.0	-0.7	7	N/A (1)	+0/-0 (3)	+0/-0 (3)	0 (3)
Consolidated investments								
Bureau Veritas	829.7	3,367.2	-168.4	6	0	N/A (5)	N/A (5)	N/A 5)
Materis (Cromology)	-309.3	N/A	N/A	6				
Shareholder loan (4)	421.3							
	112.0				N/A	N/A (5)	N/A (5)	N/A (5)
Stahl	140.6	N/A	N/A	6	N/A	N/A (5)	N/A (5)	N/A (5)
Constantia Flexibles	532.0	N/A	N/A	6	N/A	N/A (5)	N/A (5)	N/A (5)
AlliedBarton	548.3	N/A	N/A		N/A	N/A (5)	N/A (5)	N/A (5)
Oranje-Nassau Développement								
■ Mecatherm	83.7	N/A	N/A	6	N/A	N/A (5)	N/A (5)	N/A (5)
■ CSP Technologies	188.1	N/A	N/A	6	N/A	N/A (5)	N/A (5)	N/A (5)
■ Nippon Oil Pump	29.3	N/A	N/A	6	N/A	N/A (5)	N/A (5)	N/A (5)
Financial assets								
Investment in Saham (6)	106.7	N/A	N/A	9	N/A	N/A	N/A	N/A
Short-term financial investments indexed to the equity markets	60.4	60.4	-3.0		+/-3.0	N/A	N/A	N/A
Financial liabilities								
Optional component of bonds exchangeable for Saint-Gobain shares	-12.5	-12.5	+4	9	-/+4	N/A	N/A	N/A

(1) Impairment tests are based on value in use (discounted future cash flows). See note 7, "Equity-method investments."
(2) No testing was performed on IHS, as there is no indication that its value is impaired.
(3) The impacts on exceet are not significant enough to warrant an adjustment of the accumulated impairment.
(4) Eliminated on consolidation.
(5) No indication of impairment was identified. Impairment testing will be performed at year-end in accordance with the Group's accounting policies.
(6) See note 9, "Financial assets and liabilities."

In addition, accounting standards require that the IHS shares in which the co-investors have invested through a co-investment vehicle controlled by Wendel be recognized as equity-method investments. As an offset, Wendel must recognize a financial liability equal to the fair value of these shares. The change in fair value of this liability is recognized on the income statement. As of June 30, 2016, this liability amounted to €219.7 million. Its re-evaluation resulted in the recognition of an expense of €40.8 million over the period. The impact is purely of an accounting nature. This accounting treatment is explained more fully in note 7, "Equity-method investments."

Note 4-2 Managing liquidity risk

Note 4-2.1 Wendel's liquidity risk and its 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, 2016

As of June 30, 2016, cash and short-term financial investments held by Wendel and its holding companies (excluding operating subsidiaries) were as follows:

In millions of euros	Denominated in €	Denominated in $	Total
Money-market mutual funds	987	24	1,011
Bank accounts and bank certificates of deposit	185	31	216
Diversified, equity and bond funds (1)	32	-	32
Funds managed by financial institutions (1)	272	-	272
TOTAL	**1,476**	**55**	**1,531**

(1) Classified under "Other current financial assets."

2. Debt position as of June 30, 2016

As of June 30, 2016, gross debt (excluding operating subsidiaries) consisted of Wendel bonds (including bonds exchangeable for Saint-Gobain shares) in a total amount of €3,648 million. Gross debt was down significantly compared with December 31, 2015, when it was €4,136 million. Maturities are spread between August 2017 and February 2027, and the average maturity of 4.5 years was stable compared with end-2015.

Available undrawn lines of credit totaled €1,150 million as of June 30, 2016, and were composed of:

- a €650 million syndicated line of credit maturing in November 2019. Wendel is in compliance with all financial covenants (see note 5-2.4 to the 2015 consolidated financial statements, "Wendel's syndicated credit facility – documentation and covenants"); and
- bank debt with activation of guarantees (Saint-Gobain shares, Bureau Veritas shares or cash) totaling €500 million, maturing in March 2020 (see note 5-2 to the 2015 consolidated financial statements, "Bank financing with activation of guarantees"). The €350 million line of credit maturing in 2019 was intentionally canceled in H1 2016 because it no longer had a purpose after the disposal of assets over the period (see note 2, "Changes in scope of consolidation").

These lines of credit enable Wendel to secure the repayment, if necessary, of the closest maturities and to have enough flexibility to take advantage of investment opportunities.

Concurrently with the sale of the block of Saint-Gobain shares (see note 2, "Changes in scope of consolidation"), Wendel issued bonds exchangeable for Saint-Gobain shares in the amount of €500 million. These zero-coupon bonds mature in July 2019. Bondholders have the right to exchange them for 9,619,085 Saint-Gobain shares, covering the total €500 million in bonds issued. Wendel would then have the option of delivering the securities or their counter-value in cash. This option would be used primarily in the event of the Saint-Gobain share price being higher than the exchange price of €51.98 per share. This zero-coupon issue helped advantageously refinance a large portion of the May 2016 maturity of €644 million, which had a coupon of 4.875%. At the date of issue, this bond is recognized by separating the debt component estimated at €484 million, recognized using the effective interest rate method, and the optional component (sale of call options on Saint-Gobain shares), recorded as a financial liability in the amount of €16 million. As of June 30, 2016 the optional component was remeasured at fair value through profit or loss at €12.5 million.

The significant amount of cash received following the disposals of the block of Saint-Gobain shares and Parcours (see note 2, "Changes in scope of consolidation") also allowed the redemption of the August 2017 bond and the 2019 bond (par value of €57.6 million and €286.5 million respectively). These redemptions helped partially anticipate the repayment of these bonds with short residual maturities and higher coupons (4.375% and 5.875% respectively). The difference between the redemption price and the par value was recognized in the income statement in the negative amount of €56.6 million.

Moreover, in the context of currency risk management (see note 4.5, "Managing currency risk"), €800 million of bond debt was synthetically converted into dollar-denominated debt through the use of derivatives (cross-currency swaps) in H1 2016.

On July 5, 2016, Standard & Poor's confirmed Wendel's long-term investment grade rating of BBB-, with a stable outlook. The short-term rating is A-3.

3. Wendel's liquidity outlook

The next significant financial maturity is the repayment of the August 2017 bond in the amount of €634 million. Wendel's liquidity risk over the 12 months following the reporting date is low given its high level of cash and short-term financial investments, and its available undrawn lines of credit.

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 is without recourse to Wendel. As such, the liquidity risk of these subsidiaries affects Wendel only when Wendel chooses to accept it. Wendel has no legal obligation to support operating subsidiaries experiencing cash flow difficulties. Similarly, subsidiaries are not bound by any mutual support undertakings. As a result, Wendel's liquidity would only be affected if Wendel decided to contribute cash to an operating subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel's own liquidity, additional investment in other subsidiaries, and new investments. In this context, Wendel extended a €15 million liquidity line to Mecatherm (fully drawn as of June 2016) and provided a €15 million guarantee to Mecatherm's lenders in return for the easing of the financial covenants governing Mecatherm's bank debt. 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 have an impact on their value; this is taken into account in calculating Wendel's financial leverage (see note 4.1, "Equity market risk").

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, 2016, Bureau Veritas' gross financial debt was €2,391.2 million, and its cash balance was €212.7 million. Bureau Veritas also has a confirmed line of credit of €410 million (available amount of €450 million less the €40 million raised on the commercial paper program).

The same financial covenants as those in force as of December 31, 2015 apply. These covenants were met as of June 30, 2016:

- the ratio of consolidated adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) for the last 12 months of any acquired entity to the amount of net interest must be greater than 5.5;
- the ratio of net consolidated debt to EBITDA must not be less than 3.25.

2. Cromology's financial debt

This debt is without recourse to Wendel.

As of June 30, 2015, Cromology's bank debt was €292.7 million (including accrued interest, and excluding deferred issuance costs and the shareholder loan). Its cash balance was €23.0 million. As of that date, the bank debt was subject to the following covenants:

- adjusted LTM EBITDA divided by net cash interest expense must be greater than 2.30 (this minimum rises to 2.70 in 2018). This ratio is calculated on a rolling 12-month basis, and is tested quarterly; and
- consolidated net debt (excluding shareholder loan) divided by adjusted LTM EBITDA must be less than 5.74 (this ceiling declines to 3.75 in 2019). The test is performed quarterly.

These covenants were met as of June 30, 2016.

The documentation related to this debt contains the standard restrictions for this type of credit facility. Certain transactions, such as asset divestments, granting collateral, acquisitions, additional debt, and payment of dividends are prohibited, restricted, or require the prior approval of the lenders.

3. Stahl's financial debt
This debt is without recourse to Wendel.

As of June 30, 2016, the face value of Stahl's gross bank debt was €247.2 million (including accrued interest, and excluding issuance costs). Its cash balance was €36.4 million. As of that date, the covenants were as follows:

- the ratio of LTM EBITDA to net interest expense paid must be greater than or equal to 6.00. This ratio is calculated on a rolling 12-month basis, and is tested quarterly; and
- the ratio of consolidated net debt to LTM EBITDA must be less than or equal to 2.54 (this ceiling falls to 2.00 on December 31, 2016). This ratio is tested quarterly.

These covenants were met as of June 30, 2016.

The documentation related to Stahl's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

4. Constantia Flexibles' financial debt
This debt is without recourse to Wendel.

As of June 30, 2016, the face value of Constantia Flexibles' gross bank debt was €1,348.5 million (including accrued interest, and excluding issuance costs). Its cash balance was €84.7 million. Bank debt is only subject to a financial covenant when more than 35% of the revolving line of credit is drawn (which was not the case as of June 30, 2016). In such cases, the ratio of net debt to LTM EBITDA must be less than 6.7. This covenant was met as of June 30, 2016.

The documentation related to Constantia Flexibles' debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

5. Mecatherm's financial debt
As of June 30, 2016, the face value of Mecatherm's gross financial debt was €53.6 million (including accrued interest, non-recourse discounting and a €15 million liquidity line granted by Wendel, and excluding issuance costs). Its cash balance was €1.1 million.

Given the particularly volatile economic environment of recent years, Mecatherm and its bank lenders have agreed to suspend covenant testing until operating income is above a certain threshold defined by contract. As part of this agreement, Wendel granted Mecatherm a €15 million liquidity line (fully drawn as of end-June 2016) to enable the company to finance its general corporate needs, while also extending a €15 million first-demand guarantee to the lending banks to cover the servicing of Mecatherm's bank debt. The recourse of Mecatherm's bank lenders to the Wendel Group is limited to this guarantee.

6. CSP Technologies' financial debt
This debt is without recourse to Wendel.

As of June 30, 2016, the face value of CSP Technologies' gross bank debt was $185.2 million, or €166.8 million (including accrued interest, and excluding issuance costs). Its cash balance was $5.4 million, or €4.9 million. As of that date, the covenants were as follows:

- the ratio of LTM EBITDA to net interest expense must be greater than or equal to 2.25 (this minimum ratio rises to 2.5 from March 2019). This ratio is calculated on a rolling 12-month basis, and is tested quarterly; and
- the ratio of consolidated net debt (gross debt less cash capped at $10.5 million) to LTM EBITDA must be less than or equal to 6.25 (this maximum ratio falls to 4 from September 2020). It is tested quarterly.

These covenants were met as of June 30, 2016.

The documentation related to CSP Technologies' debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

7. Nippon Oil Pump's financial debt
This debt is without recourse to Wendel.

As of end-June 2016, the face value of Nippon Oil Pump's gross bank debt was JPY 4.3 billion (€37.4 million). Its cash balance was JPY 0.7 billion (€6.5 million). Around one-third of this bank debt will be amortized between now and 2019, and 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 negative for two consecutive years. These covenants were met as of December 31, 2015, when the annual test was performed.

Note 4-3 Managing interest-rate risk

As of June 30, 2016, the Wendel Group (Wendel, its holding companies, and fully consolidated operating subsidiaries, except for AlliedBarton, which was classified under operations to be recognized using the equity method) had only limited exposure to interest rate risk.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	5.7		2.5
Cash and short-term financial investments	-0.3		-1.7
Impact of derivatives	0.0	0.9	-1.0
INTEREST-RATE EXPOSURE	**5.4**	**0.9**	**-0.1**
	87%	*15%*	*-2%*

The notional amount of derivative instruments is weighted by the portion of the 12 months following June 30, 2016 during which they will hedge interest-rate risk.

A variation of +100 basis points in the interest rates to which the Group's interest rate exposure is indexed would have an impact of around €6 million on the financial income/expense before tax in the 12 months following June 30, 2016 (assumptions: net debt as of June 30, 2016, interest rates raised from that date and taking into account the maturities of derivative instruments hedging the interest rate risk).

Note 4-4 Managing credit risk

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

The cash and financial investments of Wendel and its holding companies are placed essentially with top-ranking financial institutions. Given the high amount of cash and short-term financial investments as of June 30, 2016 (see note 4-2, "Managing liquidity risk"), significant amounts could be placed with the same financial institution. Derivative contracts are entered into with top-ranking financial institutions.

Note 4-5 Managing currency risk

Note 4-5.1 Wendel

As of June 30, 2016, Wendel held €55 million in short-term financial investments and cash denominated in US dollars. The amount denominated in US dollars is related to the Group's strategy, which notably involves investing in North America. These financial assets are recognized at fair value. A 5% decline in the value of the US dollar against the euro would have a negative impact of around €3 million in profit or loss.

Certain subsidiaries operate in several countries, and as a result, derive a share of their earnings in currencies other than the euro, notably the US dollar. The subsidiaries with the greatest exposure to the US dollar are Bureau Veritas, Stahl, IHS, CSP Technologies, Constantia Flexibles and AlliedBarton.

Owing to the exposure of part of the Group's assets to the US dollar, Wendel has decided to convert part of its bond debt into that currency synthetically, through the use of derivatives. As such, €800 million in euro-dollar cross-currency swaps were established in February and March 2016. This will limit the impact of changes in the euro-dollar exchange rate on the Group's net asset value. These instruments, carried at fair value, have been qualified as net investment hedges for accounting purposes. Thus, changes in fair value related to change in the euro-dollar exchange rate are recognized in equity (impact of €3.2 million in H1 2016). A 5% increase in the value of the US dollar against the euro would have a negative impact of €42 million in equity in respect of cross-currency swaps.

Note 4-5.2 Bureau Veritas

Bureau Veritas operates internationally, and is therefore exposed to the risk of fluctuations in the value of various foreign currencies, although natural hedges may exist by virtue of the matching of the costs and revenues of many entities where services are provided locally.

For Bureau Veritas' activities exposed to global markets, part of revenue is denominated in US dollars or influenced by the level of that currency. This revenue is therefore indirectly exposed to fluctuations in the US currency.

In H1 2016, more than 70% of Bureau Veritas' sales resulted from the consolidation of the financial statements of entities whose functional currency was not the euro, of which 19.1% in US dollars or other currencies correlated to the US dollar (including the Hong Kong dollar), 9.9% in Chinese yuan, 4.1% in sterling, 3.8% in Canadian dollars, 3.3% in Australian dollars and 3.1% in Brazilian reals. No other currency individually accounted for more than 3% of Bureau Veritas' net sales. Accordingly, a 1% variation in the euro against the US dollar and the currencies correlated to it would have had an impact of around 0.2% on Bureau Veritas' consolidated net sales in H1 2016 (*i.e.* approximately €4 million), and an impact of 0.2% on its operating income (*i.e.* less than €1 million) during the same period.

Note 4-5.3 Cromology

Cromology has subsidiaries in Morocco and Argentina. Risks of inflation and changes in exchange rates are currently focused on Argentina, where the Group generated sales of €17 million in H1 2016 (less than 5% of consolidated net sales), down 29% compared with 2015, at current exchange rates. The shift to a floating exchange rate for the Argentine peso in December 2015 was accompanied by a devaluation of around 39% (partially offset by inflation locally) and economic difficulties that affected 2016 revenue. However, the impact on Cromology's 2016 operating income is not expected to be significant given Argentina's limited contribution to Cromology's operating income. In addition, cash available locally is not material.

Note 4-5.4 Stahl

In H1 2016, 58% of Stahl's sales were generated in currencies other than the euro, of which 33% in US dollars, 7% in Chinese yuan, 7% in Indian rupees and 5% in Brazilian real. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-3.8% on Stahl's 2016 income from ordinary activities before impairment and amortization (excluding goodwill allocation and non-recurring expenses), or +/-€3 million.

Moreover, a €184 million portion of Stahl's debt is 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 dollar's value against the euro, a currency impact of about -/+€9 million would be recognized in net finance income/expenses.

Note 4-5.5 CSP Technologies

The CSP Technologies Group is mainly based in the United States, with the US dollar as its functional currency. Around 74% of its sales are generated in that currency. A +/-5% variation in the value of the US dollar against the euro would have had an impact of less than +/-€1 million on the H1 2016 income from ordinary activities in Wendel's euro-denominated financial statements.

An intra-group loan between the US and European companies in the CSP Technologies Group could generate an accounting loss/gain of €2 million if the US dollar were to appreciate/depreciate.

The CSP Technologies Group's debt is denominated entirely in US dollars. Moreover, as its functional currency is the US dollar, there is no impact on the income statement.

Note 4-5.6 Constantia Flexibles

In H1 2016, 40% of Constantia Flexibles' sales were generated in currencies other than the euro, of which 18% in US dollars. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-1.3% on Constantia Flexibles' H1 2016 income from ordinary activities before depreciation and amortization (excluding goodwill allocation and non-recurring expenses), *i.e.* an impact of less than +/-€2.0 million.

Moreover, a €202 million portion of Constantia Flexibles' debt is denominated in US dollars and carried by a company whose functional currency is the euro. Therefore, a +/-5% fluctuation in the US dollar's value against the euro would result in the recognition of a currency impact of about -/+€10 million in net finance income/expenses.

Note 4-6 Managing raw materials risk

The Group's investments with the greatest exposure to the risk of changes in raw material prices are Cromology, Stahl and Constantia Flexibles.

Cromology's raw material purchases represented approximately €69 million in H1 2016. A 10% increase in the price of the raw materials used by Cromology would have resulted in a theoretical increase in the cost of these raw materials of around €7 million on a half-year basis. Cromology nevertheless considers that, circumstances permitting, a short-term increase in the sales price of its products would offset the overall effect of such raw material price increases. Cromology continually works to optimize its purchases by approving new suppliers, and by developing new formulations for its products.

Stahl's raw material purchases represented approximately €152 million in H1 2016. A 10% increase in the price of the raw materials used by Stahl would have resulted in a theoretical increase in the cost of these raw materials of around €15 million on a half-year basis. Stahl nevertheless considers that, circumstances permitting, a short-term increase in the sales price of its products would offset the overall effect of such raw material price increases. Stahl did not enter into any contracts to hedge changes in raw material prices in H1 2016.

Constantia Flexibles' raw material purchases represented approximately €491 million in H1 2016. A 10% increase in the price of the raw materials used by Constantia Flexibles would have resulted in a theoretical increase in the cost of these raw materials of around €49 million on a half-year basis. Constantia Flexibles has a policy of protecting itself against fluctuations in aluminum prices through hedging contracts. Moreover, the company believes that an increase in the sales price of its products would offset the overall effect of such increases in the short term.

NOTE 5 Segment information

The analysis of the income statement by operating segment is split between "net income from operating segments," non-recurring items and effects related to goodwill.

Net income from operating segments

Net income from operating segments 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, Cromology, Stahl, Constantia Flexibles and AlliedBarton, as well as Mecatherm, CSP Technologies, Nippon Oil Pump and Parcours, sold in May 2016, held by Oranje-Nassau Développement) and Wendel's share in the net income of investments recognized using the equity method (Saint-Gobain and IHS, as well as exceet, held by Oranje-Nassau Développement) before non-recurring items and the impact of goodwill allocation;
- 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 or ordinary activities 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 2016

In millions of euros	Bureau Veritas	Allied-Barton	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Equity-method investments Saint-Gobain	IHS	Wendel & holding companies	Group total
Net income from business sectors										
Net sales	**2,221.4**	**-**	**1,024.3**	**375.9**	**330.7**	**139.7**			**-**	**4,091.9**
EBITDA (1)	**N/A**	**-**	**143.2**	**36.0**	**79.5**	**N/A**			**-**	**N/A**
Adjusted operating income (1)	**350.5**	**-**	**92.1**	**19.3**	**70.2**	**21.5**			**-**	
Other recurring operating items	-	-1.1	-1.3	-0.9	-3.2	-1.1				
Operating income	**350.5**	**-1.1**	**90.8**	**18.5**	**67.0**	**20.4**			**-28.7**	**517.4**
Finance costs, net	-42.3	-	-38.0	-8.9	-4.2	-7.6			-98.9	-199.9
Other financial income and expense	-1.1	-	-1.3	-0.4	-	-0.2				-3.1
Tax expense	-106.3	-	-16.2	2.2	-18.2	-3.4			-2.8	-144.6
Share in net income of equity-method investments	0.4	-	-	-	-	-0.1	56.6	-13.5	-	43.4
Net income from discontinued operations and operations held for sale	-	-	-	-	-	4.2	-	-	-	4.2
Net income of operations to be recognized using the equity method	-	18.2	-	-	-	-	-	-	-	18.2
RECURRING NET INCOME FROM BUSINESS SECTORS	**201.2**	**17.1**	**35.4**	**11.4**	**44.6**	**13.2**	**56.6**	**-13.5**	**-130.3**	**235.6**
Recurring net income from business sectors – non-controlling interests	122.6	0.9	16.7	1.0	10.6	0.1	-	-0.1	-	151.8
RECURRING NET INCOME FROM BUSINESS SECTORS – GROUP SHARE	**78.6**	**16.3**	**18.7**	**10.3**	**34.0**	**13.0**	**56.6**	**-13.4**	**-130.3**	**83.7**
Non-recurring income										
Operating income	-46.9	-	-34.4	-7.1	-12.0	-9.3	-	-	-22.8 (3)	-132.5
Net financial expense	-	-	-2.1	-32.9	3.5	-	-	-	-78.3	-109.8
Tax expense	12.7	-	9.9	1.7	2.0	3.6	-	-	-	29.9
Share in net income of equity-method investments	-	-	-	-	-	-3.8	-4.3	-111.8	-229.6 (4)	-349.5
Net income from discontinued operations and operations held for sale	-	-	-	-	-	-0.6	-	-	78.1 (5)	77.5
Net income of operations to be recognized using the equity method	-	-64.4	-	-	-	-	-	-	-	-64.4
NON-RECURRING NET INCOME	**-34.3**	**-64.4**	**-26.6**	**-38.2**	**-6.5**	**-10.1**	**-4.3**	**-111.8**	**-252.6**	**-548.8**
of which:										
■ Non-recurring items	-11.4	-50.7 (2)	-4.2	-37.8	-0.3	-1.5	-0.5	-111.8 (6)	-252.6	-470.8
■ Impact of goodwill allocation	-22.9	-13.7	-22.4	-0.4	-6.1	-6.2	-1.4	-	-	-73.2
■ Asset impairment	-	-	-	-	-	-2.4	-2.4	-	-	-4.8
Non-recurring net income – non-controlling interests	-20.4	-3.2	-10.5	-3.8	-1.3	-0.1	-	-0.6	-0.1	-40.0
NON-RECURRING NET INCOME – GROUP SHARE	**-13.9**	**-61.2**	**-16.1**	**-34.4**	**-5.1**	**-10.0**	**-4.3**	**-111.2**	**-252.5**	**-508.8**
CONSOLIDATED NET INCOME	**166.9**	**-47.3**	**8.8**	**-26.9**	**38.1**	**3.0**	**52.3**	**-125.3**	**-383.0**	**-313.2**
Consolidated net income – non-controlling interests	102.2	-2.4	6.2	-2.8	9.2	-	-	-0.6	-0.1	111.9
CONSOLIDATED NET INCOME – GROUP SHARE	**64.7**	**-44.9**	**2.6**	**-24.1**	**28.9**	**3.0**	**52.3**	**-124.6**	**-382.9**	**-425.1**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) This item includes an expense of €44.8 million related to the merger between AlliedBarton and Universal Services of America (see note 2, "Changes in scope of consolidation"), which will be offset in H2 by a gain of the same amount following the merger.
(3) This item comprises an expense related to the liquidity rights of co-investors in the subsidiaries in the amount of €21.1 million (see note 27-6, "Shareholder agreements and co-investment mechanisms").
(4) This negative amount of €229.6 million is related to the disposal of Saint-Gobain shares (see note 2, "Changes in scope of consolidation").
(5) The item includes the disposading the discontinuation of depreciation as of June 30, 2016 (see note 2, "Changes in scope of consolidation").
(6) This item consists chiefly of a currency loss (see note 7, "Equity-method investments"), which is, moreover, offset by a change of the same amount in currency translation reserves.

The contribution of Oranje-Nassau Développement to the H1 2016 income statement by operating segment broke down as follows:

In millions of euros	Parcours [2]	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	Oranje-Nassau Développement
Net income from business sectors						
Net sales	**-**	**62.1**	**56.1**	**21.5**	**-**	**139.7**
EBITDA [1]	**N/A**	**7.4**	**N/A**	**3.4**	**-**	**N/A**
Adjusted operating income [1]	**N/A**	**6.5**	**12.5**	**2.5**	**-**	**21.5**
Other recurring operating items	-0.1	-0.3	-0.7	-0.1	-	-1.1
Operating income	**-0.1**	**6.2**	**11.9**	**2.4**	**-**	**20.4**
Finance costs, net	-	-0.9	-6.6	-0.2	-	-7.6
Other financial income and expense	-	-0.2	-	-0.1	-	-0.2
Pre-tax income, including management fees	**-0.1**	**N/A**	**N/A**	**N/A**		**-**
Tax expense	-	-0.5	-2.2	-0.7	-	-3.4
Share in net income of equity-method investments	-	-	-	-	-0.1	-0.1
Net income from discontinued operations and operations held for sale	4.2	-	-	-	-	4.2
RECURRING NET INCOME FROM BUSINESS SECTORS	**4.1**	**4.7**	**3.1**	**1.5**	**-0.1**	**13.2**
Recurring net income from business sectors – non-controlling interests	-	-	-	-	-	-
RECURRING NET INCOME FROM BUSINESS SECTORS – GROUP SHARE	**4.1**	**4.6**	**3.0**	**1.4**	**-0.1**	**13.0**
Non-recurring income						
Operating income	-	-0.9	-7.1	-1.3	-	-9.3
Net financial expense	-	-	-	-	-	-0.0
Tax expense	-	0.3	2.8	0.5	-	3.6
Share in net income of equity-method investments	-	-	-	-	-3.8	-3.8
Net income from discontinued operations and operations held for sale	-0.6	-	-	-	-	-0.6
NON-RECURRING NET INCOME	**-0.6**	**-0.6**	**-4.3**	**-0.8**	**-3.8**	**-10.1**
of which:						
■ Non-recurring items	-0.2	-0.1	-1.0	-	-0.1	-1.5
■ Impact of goodwill allocation	-0.4	-0.4	-3.3	-0.8	-1.2	-6.2
■ Asset impairment	-	-	-	-	-2.4	-2.4
Non-recurring net income – non-controlling interests	-	-	-0.1	-	-	-0.1
NON-RECURRING NET INCOME – GROUP SHARE	**-0.6**	**-0.6**	**-4.3**	**-0.8**	**-3.8**	**-10.0**
CONSOLIDATED NET INCOME	**3.4**	**4.1**	**-1.3**	**0.6**	**-3.9**	**3.0**
Consolidated net income – non-controlling interests	-	-	-	-	-	-
CONSOLIDATED NET INCOME – GROUP SHARE	**3.4**	**4.1**	**-1.2**	**0.6**	**-3.9**	**3.0**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) The result of Parcours reflected in the economic presentation of income excludes the discontinuation of depreciation, pursuant to IFRS 5 (see note 2, "Changes in scope of consolidation"), the offsetting entry of this adjustment being recognized in income from the sale of this investment.

Note 5-2 Income statement by operating segment for H1 2015

In millions of euros	Bureau Veritas	Cons-tantia Flexibles	Cromo-logy	Stahl	Oranje-Nassau Dévelop-pement	Equity-method investments: Saint-Gobain	Equity-method investments: IHS	Wendel & holding com-panies	Group Total
Net income from business sectors									
Net sales	**2,318.7**	**485.6**	**383.8** [(2)]	**317.9**	**96.8**			**-**	**3,602.7**
EBITDA [(1)]	**N/A**	**67.1**	**36.6** [(2)]	**64.1**	**N/A**				**N/A**
Adjusted operating income [(1)]	**370.3**	**44.1**	**22.0**	**56.6**	**-4.2**				**488.8**
Other recurring operating items	-	-0.5	-0.9	-3.0	-1.0				
Operating income	**370.3**	**43.6**	**21.1**	**53.6**	**-5.2**			**-31.0**	**452.4**
Finance costs, net	-39.2	-20.1	-9.3	-5.1	-7.0			-97.5	-178.2
Other financial income and expense	-8.4	0.4	-2.2	6.7	-0.3				-3.8
Tax expense	-115.6	-6.4	-1.6	-14.2	-2.4			-3.9	-144.1
Share in net income of equity-method investments	0.4	-	-	-	-0.4	72.2	-5.9	-	66.3
Net income from discontinued operations and operations held for sale	-	-	-	-	8.2	-	-	-	8.2
RECURRING NET INCOME FROM BUSINESS SECTORS	**207.4**	**17.5**	**8.0**	**41.0**	**-7.1**	**72.2**	**-5.9**	**-132.4**	**200.8**
Recurring net income from business sectors - non-controlling interests	120.1	6.8	0.8	11.4	-	-	-	-	139.1
RECURRING NET INCOME FROM BUSINESS SECTORS - GROUP SHARE	**87.3**	**10.7**	**7.3**	**29.5**	**-7.1**	**72.2**	**-5.9**	**-132.4**	**61.7**
Non-recurring income									
Operating income	-34.7	-26.1	-4.1	-11.3	-30.5	-	-	-1.7	-108.4
Net financial expense	0.0	-1.7	-29.4	-18.7	-	-	-	40.2	-9.7
Tax expense	9.5	6.6	0.8	16.2	4.4	-	-	-0.3	37.2
Share in net income of equity-method investments	-	-	-	-	-18.3	78.6	-36.6 [(3)]	-	23.7
Net income from discontinued operations and operations held for sale	-	-	-	-	-0.7	-	-	-	-
NON-RECURRING NET INCOME	**-25.2**	**-21.2**	**-32.7**	**-13.8**	**-45.1**	**78.6**	**-36.6**	**38.1**	**-58.0**
of which:									
■ Non-recurring items	-0.4	-6.6	-32.1	-8.1	-2.9	-20.8	-36.6	38.1 [(4)]	-69.3
■ Impact of goodwill allocation	-24.8	-14.6	-0.7	-5.7	-7.7	-3.6	-	-	-57.1
■ Asset impairment	-	-	-	-	-34.5	103.0 [(5)]	-	-	68.5
Non-recurring net income - non-controlling interests	-14.0	-7.1	-3.2	-3.8	-0.1	-	-0.3	-	-28.5
NON-RECURRING NET INCOME - GROUP SHARE	**-11.1**	**-14.1**	**-29.6**	**-9.9**	**-45.0**	**78.6**	**-36.4**	**38.1**	**-29.5**
CONSOLIDATED NET INCOME	**182.2**	**-3.7**	**-24.7**	**27.2**	**-52.2**	**150.8**	**-42.5**	**-94.3**	**142.8**
Consolidated net income - non-controlling interests	106.1	-0.3	-2.4	7.6	-0.1	-	-0.3	0.0	110.6
CONSOLIDATED NET INCOME - GROUP SHARE	**76.2**	**-3.4**	**-22.3**	**19.6**	**-52.1**	**150.8**	**-42.3**	**-94.3**	**32.2**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) Sales and EBITDA of Cromology in H1 2015, excluding Materis holding company expenses. Holding company expenses totaled €0.9 million and were reflected in adjusted operating income.
(3) This amount included a negative €54.7 million impact from exchange rate fluctuations on IHS's financial debt and €18.1 million in dilution gains recognized on IHS.
(4) This item notably included a €28.4 million gain on disposal of Saint-Gobain put options.
(5) The Wendel Group had recognized a provision of €97 million for the loss anticipated on the sale of Verallia. Moreover, a provision for impairment of €203 million had also been recognized on Saint-Gobain securities.

The contribution of Oranje-Nassau Développement to the H1 2015 income statement by operating segment broke down as follows:

In millions of euros	Parcours	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	Oranje-Nassau Développement
Net income from business sectors						
Net sales	**-**	**38.4**	**38.5**	**19.9**	**-**	**96.8**
EBITDA [(1)]	**-**	**-9.3**	**N/A**	**2.0**	**-**	**N/A**
Adjusted operating income [(1)]	**-**	**-10.2**	**4.8**	**1.2**	**-**	**-4.2**
Other recurring operating items	-0.1	-0.3	-0.6	-0.1	-	-1.0
Operating income	**-0.1**	**-10.4**	**4.2**	**1.1**	**-**	**-5.2**
Finance costs, net	-	-1.1	-5.6	-0.2	-	-7.0
Other financial income and expense	-	-0.1	-0.2	0.0	-	-0.3
Tax expense	-	-1.0	-1.1	-0.3	-	-2.4
Share in net income of equity-method investments	-	-	-	-	-0.4	-0.4
Net income from discontinued operations and operations held for sale	8.2	-	-	-	-	8.2
RECURRING NET INCOME FROM BUSINESS SECTORS	**8.1**	**-12.7**	**-2.7**	**0.6**	**-0.4**	**-7.1**
Recurring net income from business sectors – non-controlling interests	0.1	-0.1	-	-	-	-
RECURRING NET INCOME FROM BUSINESS SECTORS – GROUP SHARE	**8.0**	**-12.6**	**-2.7**	**0.6**	**-0.4**	**-7.1**
Non-recurring income						
Operating income	-	-20.9	-8.5	-1.2	-	-30.5
Net financial expense	-	-	-	-	-	-
Tax expense	-	0.9	3.1	0.4	-	4.4
Share in net income of equity-method investments	-	-	-	-	-18.3	-18.3
Net income from discontinued operations and operations held for sale	-0.7	-	-	-	-	-0.7
NON-RECURRING NET INCOME	**-0.7**	**-20.0**	**-5.4**	**-0.7**	**-18.3**	**-45.1**
of which:						
■ Non-recurring items	0.0	-1.3	-0.8	-0.0	-0.8	-2.9
■ Impact of goodwill allocation	-0.8	-0.4	-4.6	-0.7	-1.2	-7.8
■ Asset impairment	-	-18.3	-	-	-16.2	-34.5
Non-recurring net income – non-controlling interests	-	-	-0.1	-	-	-0.1
NON-RECURRING NET INCOME – GROUP SHARE	**-0.7**	**-20.0**	**-5.3**	**-0.7**	**-18.3**	**-45.0**
CONSOLIDATED NET INCOME	**7.3**	**-32.6**	**-8.1**	**-0.1**	**-18.7**	**-52.2**
Consolidated net income – non-controlling interests	0.1	-0.1	-0.1	-	-	-0.1
CONSOLIDATED NET INCOME – GROUP SHARE	**7.2**	**-32.5**	**-8.0**	**-0.1**	**-18.7**	**-52.1**

(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, 2016

In millions of euros	Bureau Veritas	Allied-Barton	Cons-tantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Saint-Gobain	IHS	Wendel & holding com-panies	Group Total
Goodwill, net	2,255.4	-	752.5	204.9	53.7	277.0	-	-	-	3,543.5
Intangible assets, net	882.1	-	835.6	209.1	94.5	219.5	-	-	0.1	2,240.8
Property, plant & equipment, net	497.0	-	760.7	85.9	134.6	85.8	-	-	13.5	1,577.5
Non-current financial assets	77.0	-	33.3	6.2	0.4	2.8	-	-	233.7	353.4
Pledged cash and cash equivalents	-	-	-	-	-	0.2	-	-	0.5	0.7
Equity-method investments	4.8	-	1.1	1.1	-	32.0	1,599.0	535.8	-	2,173.8
Deferred tax assets	151.2	-	13.1	29.8	15.0	0.0	-	-	0.9	210.0
Total non-current assets	**3,867.6**	**-**	**2,396.3**	**537.1**	**298.1**	**617.2**	**1,599.0**	**535.8**	**248.5**	**10,099.7**
Assets and operations held for sale	**4.4**		**37.5**	**-**	**1.9**	**-**	**-**	**-**	**-**	**43.7**
Assets of operations to be recognized using the equity method	**-**	**1,751.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,751.0**
Inventories and work-in-progress	18.3	-	282.7	102.7	92.2	44.4	-	-	-	540.2
Trade receivables	1,322.5	-	242.2	180.0	134.1	69.3	-	-	0.2	1,948.2
Other current assets	155.5	-	53.4	57.4	19.3	7.7	-	-	8.2	301.5
Current income tax assets	44.2	-	8.5	-	12.3	0.5	-	-	0.1	65.7
Other current financial assets	74.1	-	4.3	-	0.0	1.4	-	-	331.8	411.7
Cash and cash equivalents	212.7	-	84.7	31.0	36.4	12.5	-	-	1,243.2	1,620.6
Total current assets	**1,827.4**	**-**	**675.7**	**371.0**	**294.4**	**135.7**	**-**	**-**	**1,583.6**	**4,887.9**
TOTAL ASSETS										**16,782.3**
Shareholders' equity – Group share										2,360.2
Non-controlling interests										922.2
Total shareholders' equity										**3,282.4**
Long-term provisions	312.4	-	67.3	39.3	19.8	12.7	-	-	22.0	473.5
Financial debt (non-current portion)	1,761.1	-	1,120.1	338.3	192.4	198.4	-	-	3,650.8	7,261.2
Other non-current financial liabilities	82.9	-	106.5	1.5	-	6.2	-	-	530.5	727.6
Deferred tax liabilities	232.6	-	274.3	134.3	16.1	71.2	-	-	0.4	728.8
Total non-current liabilities	**2,389.0**	**-**	**1,568.2**	**513.3**	**228.3**	**288.5**	**-**	**-**	**4,203.8**	**9,191.1**
Liabilities held for sale	**0.0**		**11.4**	**-**	**-**	**-**	**-**	**-**	**-**	**11.4**
Liabilities of operations to be recognized using the equity method	**-**	**1,169.8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,169.8**
Short-term provisions	-	-	58.2	0.7	0.1	7.1	-	-	-	66.1
Financial debt (current portion)	630.1	-	181.3	3.1	49.7	33.9	-	-	66.3	964.4
Other current financial liabilities	157.7	-	7.5	-	0.9	-	-	-	103.4	269.5
Trade payables	299.0	-	310.2	118.5	71.2	23.1	-	-	8.8	830.8
Other current liabilities	618.3	-	76.3	104.8	45.6	43.2	-	-	17.9	906.1 (1)
Current income tax liabilities	60.5	-	21.5	-	7.1	1.3	-	-	0.2	90.7
Total current liabilities	**1,765.6**	**-**	**655.0**	**227.2**	**174.6**	**108.6**	**-**	**-**	**196.7**	**3,127.6**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY										**16,782.3**

(1) In the six months to June 30, 2016, this amount included deferred revenue of €146 million.

As of June 30, 2016, the contribution of Oranje-Nassau Développement to the balance sheet by operating segment broke down as follows:

In millions of euros	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	Oranje-Nassau Développement
Goodwill, net	84.1	173.2	19.7	-	277.0
Intangible assets, net	66.5	124.2	28.8	-	219.5
Property, plant & equipment, net	5.8	66.1	13.8	-	85.8
Non-current financial assets	0.6	0.3	1.9	-	2.8
Pledged cash and cash equivalents	-	0.2	-	-	0.2
Equity-method investments	-	-	-	32.0	32.0
Deferred tax assets	-	0.0	-	-	0.0
Total non-current assets	**157.1**	**364.0**	**64.2**	**32.0**	**617.2**
Assets and operations held for sale	**-**	**-**	**-**	**-**	**-**
Inventories and work-in-progress	11.6	23.7	9.1	-	44.4
Trade receivables	36.8	15.7	16.8	-	69.3
Other current assets	5.2	2.3	0.2	-	7.7
Current income tax assets	0.3	0.1	0.0	-	0.5
Other current financial assets	-	1.4	-	-	1.4
Cash and cash equivalents	1.1	4.9	6.5	-	12.5
Total current assets	**55.1**	**48.1**	**32.5**	**-**	**135.7**
Long-term provisions	4.3	0.2	8.2	-	12.7
Financial debt (non-current portion)	22.7	142.4	33.3	-	198.4
Other non-current financial liabilities	1.0	4.3	1.0	-	6.2
Deferred tax liabilities	20.1	40.7	10.4	-	71.2
Total non-current liabilities	**48.1**	**187.5**	**52.9**	**-**	**288.5**
Liabilities held for sale	**-**	**-**	**-**	**-**	**-**
Short-term provisions	7.1	0.0	-	-	7.1
Financial debt (current portion)	15.0	15.0	3.9	-	33.9
Other current financial liabilities	-	-	-	-	-
Trade payables	13.8	4.0	5.3	-	23.1
Other current liabilities	26.2	13.5	3.5	-	43.2
Current income tax liabilities	-	0.2	1.1	-	1.3
Total current liabilities	**62.0**	**32.7**	**13.8**	**-**	**108.6**

Note 5-4 Balance sheet by operating segment as of December 31, 2015

In millions of euros	Bureau Veritas	Allied-Barton	Cons-tantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Saint-Gobain	IHS	Wendel & holding com-panies	Group Total
Goodwill, net	2,172.4	902.5	713.1	205.0	53.6	258.5	-	-	-	4,305.0
Intangible assets, net	826.9	518.9	855.7	209.8	95.4	198.5	-	-	0.1	2,705.3
Property, plant & equipment, net	497.9	6.8	759.8	91.7	139.8	83.1	-	-	13.7	1,592.7
Non-current financial assets	76.6	43.4	103.8	6.1	1.6	2.5	-	-	235.6	469.6
Pledged cash and cash equivalents	-	33.9	-	-	-	0.2	-	-	0.5	34.6
Equity-method investments	4.8	-	-	1.1	-	36.6	3,014.4	669.9	-	3,726.8
Deferred tax assets	137.2	-	8.9	28.2	21.5	0.2	-	-	0.9	196.8
Total non-current assets	**3,715.7**	**1,505.4**	**2,441.3**	**541.8**	**311.9**	**579.6**	**3,014.4**	**669.9**	**250.7**	**13,030.8**
Assets and operations held for sale	**6.6**	**-**	**-**	**-**	**1.6**	**962.5**	**-**	**-**	**-**	**970.8**
Inventories and work-in-progress	18.3	-	253.2	88.5	81.9	44.0	-	-	-	485.8
Trade receivables	1,228.9	284.5	203.9	147.9	116.3	62.3	-	-	0.1	2,044.0
Other current assets	127.0	11.0	51.9	42.4	18.1	6.7	-	-	7.4	264.5
Current income tax assets	45.5	-	8.4	5.0	13.8	0.3	-	-	0.0	73.1
Other current financial assets	61.7	-	1.4	-	0.1	0.0	-	-	358.1	421.3
Cash and cash equivalents	522.9	4.3	63.9	32.8	77.8	14.0	-	-	472.9	1,188.6
Total current assets	**2,004.4**	**299.8**	**582.6**	**316.6**	**308.1**	**127.4**	**-**	**-**	**838.5**	**4,477.3**
TOTAL ASSETS										**18,478.9**
Shareholders' equity – Group share										2,982.0
Non-controlling interests										972.5
Total shareholders' equity										**3,954.5**
Long-term provisions	282.2	19.2	65.6	34.2	19.6	10.7	-	-	22.0	453.4
Financial debt (non-current portion)	2,311.0	872.3	1,231.6	314.6	210.6	204.6	-	-	3,516.1	8,660.9
Other non-current financial liabilities	52.1	61.8	98.2	1.2	0.1	9.4	-	-	525.7	748.4
Deferred tax liabilities	220.7	-	280.4	139.9	18.4	62.2	-	-	0.4	722.0
Total non-current liabilities	**2,865.9**	**953.3**	**1,675.8**	**489.9**	**248.7**	**286.8**	**-**	**-**	**4,064.2**	**10,584.6**
Liabilities held for sale	**1.8**	**-**	**-**	**-**	**-**	**792.6**	**-**	**-**	**-**	**794.3**
Short-term provisions	-	68.0	57.4	0.7	0.2	9.8	-	-	-	136.0
Financial debt (current portion)	78.9	31.6	14.3	0.3	28.6	18.8	-	-	737.8	910.3
Other current financial liabilities	118.7	0.8	42.1	-	-	-	-	-	23.1	184.6
Trade payables	302.5	45.1	245.8	97.0	68.8	21.2	-	-	4.7	785.0
Other current liabilities	660.4	81.5	77.3	99.8	49.5	50.3	-	-	15.6	1,034.3 (1)
Current income tax liabilities	72.1	0.0	17.4	-	4.7	0.8	-	-	0.2	95.2
Total current liabilities	**1,232.5**	**227.0**	**454.2**	**197.8**	**151.7**	**100.8**	**-**	**-**	**781.3**	**3,145.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY										**18,478.9**

(1) As of December 31, 2015 this amount included deferred revenue of €144.9 million.

As of December 31, 2015, the contribution of Oranje-Nassau Développement to the balance sheet by operating segment broke down as follows:

In millions of euros	Parcours	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	Oranje-Nassau Développement
Goodwill, net	-	84.1	157.3	17.2	-	258.5
Intangible assets, net	-	67.5	104.7	26.3	-	198.5
Property, plant & equipment, net	-	6.1	64.9	12.2	-	83.1
Non-current financial assets	-	0.6	0.3	1.6	-	2.5
Pledged cash and cash equivalents	-	-	0.2	-	-	0.2
Equity-method investments	-	-	-	-	36.6	36.6
Deferred tax assets	-	-	0.2	-	-	0.2
Total non-current assets	**-**	**158.3**	**327.5**	**57.3**	**36.6**	**579.6**
Assets and operations held for sale	**962.5**	**-**	**-**	**-**	**-**	**962.5**
Inventories and work-in-progress	-	12.2	24.4	7.4	-	44.0
Trade receivables	-	34.0	14.0	14.3	-	62.3
Other current assets	-	3.5	3.1	0.2	-	6.7
Current income tax assets	-	0.3	-	-	-	0.3
Other current financial assets	-	-	-	-	-	-
Cash and cash equivalents	-	5.2	3.4	5.4	-	14.0
Total current assets	**-**	**55.2**	**44.9**	**27.3**	**-**	**127.4**
Long-term provisions	-	4.1	0.2	6.5	-	11.0
Financial debt (non-current portion)	-	27.5	146.4	30.7	-	204.6
Other non-current financial liabilities	-	1.2	7.3	0.8	-	9.4
Deferred tax liabilities	-	20.5	31.8	9.8	-	62.2
Total non-current liabilities	**-**	**53.3**	**185.7**	**47.8**	**-**	**286.8**
Liabilities held for sale	**792.6**	**-**	**-**	**-**	**-**	**792.6**
Short-term provisions	-	9.7	0.0	-	-	9.8
Financial debt (current portion)	-	14.9	0.8	3.1	-	18.8
Other current financial liabilities	-	-	-	-	-	-
Trade payables	-	11.1	5.4	4.7	-	21.2
Other current liabilities	-	38.2	9.5	2.6	-	50.3
Current income tax liabilities	-	-	0.7	0.1	-	0.8
Total current liabilities	**-**	**73.9**	**16.4**	**10.5**	**-**	**100.8**

Note 5-5 Cash flow statement by operating segment for H1 2016

In millions of euros	Bureau Veritas	Allied-Barton	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Wendel & holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	264.8	71.5	116.1	-4.6	40.9	5.2	-34.1	-	459.8
Net cash flows from investing activities, excluding tax	-184.4	-61.6	-76.5	-10.1	-11.2	-45.3	1,632.1	-151.7	1,091.3
Net cash flows from financing activities, excluding tax	-283.2	-44.4	-675.6	14.8	-62.9	35.5	-150.0	151.7	-1,014.0
Net cash flows related to taxes	-102.4	-2.8	-13.6	-1.3	-7.6	1.2	-7.1	-	-133.6

The contribution of Oranje-Nassau Développement to the H1 2016 cash flow statement by operating segment broke down as follows:

In millions of euros	Parcours	Mecatherm	CSP Technologies	Nippon Oil Pump	Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	-	-9.3	11.2	3.3	5.2
Net cash flows from investing activities, excluding tax	-	-0.4	-43.7	-1.1	-45.3
Net cash flows from financing activities, excluding tax	-	4.7	32.6	-1.7	35.5
Net cash flows related to taxes	-	1.0	0.1	0.1	1.2

Note 5-6 Cash flow statement by operating segment for H1 2015

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Wendel & holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	322.5	52.1	-2.7	44.6	92.2	-30.6	-	478.2
Net cash flows from investing activities, excluding tax	-144.1	-1,315.1	-10.9	-7.4	-323.7	816.1	-86.0	-1,071.1
Net cash flows from financing activities, excluding tax	-99.8	690.1	-15.4	-38.3	56.4	311.4	86.0	990.4
Net cash flows related to taxes	-106.2	-10.7	-2.8	-8.1	-0.8	0.3	-	-128.2

The contribution of Oranje-Nassau Développement to the H1 2015 cash flow statement by operating segment broke down as follows:

In millions of euros	Parcours	Mecatherm	CSP Technologies	Nippon Oil Pump	Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	89.3	-4.6	4.2	3.4	92.2
Net cash flows from investing activities, excluding tax	-131.3	0.4	-192.1	-0.7	-323.7
Net cash flows from financing activities, excluding tax	44.8	4.4	8.4	-1.3	56.4
Net cash flows related to taxes	1.4	-1.3	-0.3	-0.6	-0.8

8 Notes to the balance sheet

NOTE 6 Goodwill

	06/30/2016		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,403.9	148.5	2,255.4
Constantia Flexibles	752.5	-	752.5
Cromology	404.5	199.6	204.9
Stahl	53.7	-	53.7
Oranje-Nassau Développement	295.2	18.3	277.0
TOTAL	**3,909.7**	**366.3**	**3,543.5**

	12/31/2015		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,321.1	148.7	2,172.4
Constantia Flexibles	713.1	-	713.1
AlliedBarton	902.5	-	902.5
Cromology	404.6	199.7	205.0
Stahl	53.6	-	53.6
Oranje-Nassau Développement	276.7	18.3	258.5
TOTAL	**4,671.6**	**366.6**	**4,305.0**

The principal changes during the period were as follows:

In millions of euros	1st half 2016
Net amount at beginning of period	**4,305.0**
Business combinations (1)	144.2
Reclassification of AlliedBarton to "Operations to be recognized using the equity method"	-885.0
Impact of changes in currency translation adjustments and other	-20.7
NET AMOUNT AT END OF PERIOD	**3,543.5**

(1) In H1 2016, this item includes notably acquisitions by Bureau Veritas, Constantia Flexibles and CSP Technologies in the amounts of €85.8 million, €38.9 million and €19.4 million respectively.

Note 6-1 Goodwill impairment tests

In accordance with accounting standards, goodwill for each CGU (Cash Generating Unit) is tested for impairment as soon as there is any indication that its value may be impaired, and at least once per year on December 31 (see the Accounting principles section, note 1-10.1, "Goodwill" of the 2015 consolidated financial statements). The principal indicators of a loss in value are adherence to the budget and business plan and for Bureau Veritas, which is listed, market price compared with the carrying value.

No indication of impairment was identified on the Group's CGUs in the six months to June 30, 2016. Testing will therefore be performed at the year-end.

NOTE 7 Equity-method investments

In millions of euros	06/30/2016	12/31/2015
Saint-Gobain	1,599.0	3,014.4
IHS	535.8	669.9
exceet	32.0	36.6
Investments of Constantia Flexibles	1.1	-
Investments of Bureau Veritas	4.8	4.8
Investments of Cromology	1.1	1.1
TOTAL	**2,173.8**	**3,726.8**

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

In millions of euros	1st half 2016
Amount at beginning of period	**3,726.8**
Share in net income for the period	
Saint-Gobain	52.3
IHS	-125.3
exceet	-3.9
Other	0.4
Dividends for the period	-44.6
Impact of changes in currency translation adjustments	-23.5
Divestments (1)	-1,408.2
Impacts from changes in scope of consolidation	1.1
Other	-1.5
AMOUNT AS OF JUNE 30, 2016	**2,173.8**

(1) This relates to the sale of Saint-Gobain securities (see note 2, "Changes in scope of consolidation").

Note 7-1 Additional information on Saint-Gobain

In millions of euros	06/30/2016	12/31/2015
Carrying values at 100%		
Total non-current assets	27,010	27,309
Total current assets	16,556	17,547
Impact of the revaluation of acquired assets and liabilities (Wendel)	3,746	3,760
Goodwill adjustment (Wendel)	2,878	2,870
Non-controlling interests	360	364
Total non-current liabilities	11,683	12,921
Total current liabilities	13,476	12,615
including cash and cash equivalents	***2,900***	***5,380***
including financial debt	***9,524***	***10,177***

	1st half 2016	1st half 2015
Net sales (1)	19,549	19,860
Operating income	1,368	1,275
Business income	1,156	1,080
Recurring net income – Group share	624	552
Net income from discontinued operations and operations held for sale – Group share	-	69
Net income – Group share	596	558
Impact of the revaluation of acquired assets and liabilities	-14	-31

(1) In H1 2016, sales declined by 1.6%, but grew by 2.9% on an organic basis.

Note 7-2 Additional information on IHS

In millions of euros	06/30/2016	12/31/2015
Carrying values at 100%		
Total non-current assets	3,329.8	3,558.6
Total current assets	602.3	788.4
Goodwill adjustment (Wendel)	62.9	64.2
Non-controlling interests	56.3	190.7
Total non-current liabilities	1,825.5	1,764.7
Total current liabilities	328.5	224.4
including cash and cash equivalents	***321.9***	***568.9***
including financial debt	***1,629.0***	***1,412.3***

	1st half 2016	1st half 2015
Net sales	424.1	271.0
EBIT	101.2	31.6
Financial result, excluding foreign exchange	-64.5	-27.0
Currency impact on financial liabilities (1)	-704.3	-221.7
Net income – Group share	-429.2	-180.6

(1) The devaluation of the naira required the IHS Group to recognize a translation loss on the dollar-denominated debt on the books of Nigerian companies whose operating currency is the naira. These companies issued debt in dollars in particular because certain contract components are indexed to the dollar. Furthermore, this currency loss was offset by a change of the same amount in currency translation reserves.

In accordance with accounting standards, IHS shares held by co-investors alongside Wendel through a co-investment vehicle are presented as equity-method investments on Wendel's consolidated balance sheet, as the Group controls this vehicle and the divestment decisions for these shares. An offsetting financial liability must be recognized in the Group's balance sheet for the fair value of these shares (this liability is presented in note 9, "Financial assets and liabilities"). This accounting treatment, particularly the recognition of the financial liability, is primarily linked to the limited life of the co-investment vehicle, which will ultimately be liquidated, if no liquidity event for IHS shares occurs first. This liquidation would result in the shares financed through the vehicle being distributed to each respective shareholder (Wendel Group and the co-investors). The Group has no economic rights to co-investors' stakes in IHS and has no other obligation (or debt) with regard to co-investors apart from remitting the potential proceeds and profits on the sale of shares financed by the co-investors or, if the vehicle is liquidated, returning the shares to the co-investors.

Of the total of €535.8 million (30.0% of the value of IHS securities) recognized as equity-method investments, €79.7 million (4.5% of the value of IHS securities) economically accrue to the co-investors.

Note 7-3 Additional information on exceet

In millions of euros	06/30/2016	12/31/2015
Carrying values at 100%		
Total non-current assets	74.6	96.9
Total current assets	76.1	89.6
Assets from operations held for sale (1)	27.9	-
Impact of the revaluation of acquired assets and liabilities	19.9	23.1
Total non-current liabilities	53.0	55.2
Total current liabilities	20.2	25.8
Liabilities from operations held for sale (1)	13.0	-
including cash and cash equivalents	***23.9***	***33.3***
including financial debt	***38.8***	***41.4***

	1st half 2016	1st half 2015 restated(1)
Net sales (2)	65.4	69.1
EBITDA	3.5	3.6
Recurring net income – Group share	-1.4	-4.9
Net income from discontinued operations and operations held for sale – Group share	-9.1	-0.4
Net income – Group share	-10.5	-5.3
Impact of the revaluation of acquired assets and liabilities	-3.2	-3.2

(1) In accordance with IFRS 5, the contribution of the activities of the IDMS division is presented by exceet in "Net income from discontinued operations and operations held for sale" in 2015 and 2016.
(2) In H1 2016, sales declined by 5.3% as reported and by 4.1% on an organic basis.

Note 7-4 Impairment tests on equity-method investments

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

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 reporting date on situations existing as of June 30, 2016. 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 as of the June 30, 2016 balance sheet date.

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 (€34.36 per share, or €1,230.3 million for the 35.8 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. In accordance with IAS 36, the business plan did not include any strategic acquisitions, such as the acquisition of Schenker-Winkler Holding AG, which holds 16.97% of the share capital and 52.92% of the voting rights of Sika, as this transaction was yet to be completed as of June 30, 2016. 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 was the same as that used at previous reporting dates, namely 2%. The discount rate used was also identical to that used at previous reporting dates, namely 8%. It was based notably on market parameters (risk-free rate, market premium, beta of comparables) and took into account risks specific to the business plan.

As of June 30, 2016, the gross carrying amount of Saint-Gobain shares in Wendel's financial statements was €45.99 per share or €1,646.9 million. The impairment recognized on Saint-Gobain shares was €1.34 per share, or €48 million. As such, the net carrying amount of the shares was €44.65 per share as of end-June 2016, *i.e.* €1,599 million for all shares. The value in use estimated as of June 30, 2015 was similar, at €44.99 per share. No significant new element bearing on Saint-Gobain or its environment warrants an adjustment to the impairment provision. Impairment is therefore unchanged at €1.34 per share.

Sensitivity analysis shows that:

- if the discount rate were 0.5% higher, an additional impairment of €159 million would have to be recognized;
- if the long-term growth rate were 0.5% lower, an additional impairment of €116 million would have to be recognized; or
- 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 €242 million would have to be recognized.

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

The difference between the net carrying value and the market price reflects Wendel's investment horizon and the significant influence Wendel exerts over Saint-Gobain.

Note 7-4.2 Impairment test on exceet shares

An impairment test was performed on these equity-method 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 the balance sheet date (€14 million for the 5.7 million shares held), and (2) value in use, *i.e.* the discounted value of future cash flows.

Wendel performed this discounted cash flow valuation. The business plan used covers an eight-year period, and in accordance with IAS 36, no strategic acquisitions have been included in its assumptions. As in 2015, the long-term growth rate applied to post-business plan cash flows was 2% and the discount rate was 10%. Based on these assumptions, the value in use was €6.89 per share, i.e. €39.3 million for all shares held.

The recoverable value corresponding to the value in use (€6.89 per share, €39.3 million for all shares held) was greater than the net carrying amount as of June 30, 2016 (€5.6 per share, i.e. €32 million for all shares held). The provision recorded in 2015 is maintained without adjustment since no significant new elements relating to exceet or its environment have emerged that would justify its adjustment.

Sensitivity analysis shows that:

- in the event of a 0.5% increase in the discount rate;
- in the event of a 0.5% reduction in the long-term growth rate; or
- in the event of a 1 percentage point reduction in the normative margin used for cash flows after the eight-year business plan,

the value in use would still be slightly higher than the net carrying amount, meaning that no additional impairment would need to be recognized.

NOTE 8 Cash and cash equivalents

In millions of euros	06/30/2016 Net amount	12/31/2015 Net amount
Pledged cash and cash equivalents of Wendel and its holding companies, classified as non-current assets	0.5	0.5
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets	1,226.5	469.8
Cash and cash equivalents of Wendel and its holding companies (1)	**1,227.0**	**470.3**
Pledged cash and cash equivalents of subsidiaries and other holding companies, classified as non-current assets	0.2	34.1
Unpledged cash and cash equivalents of subsidiaries and other holding companies, classified as current assets:		
Bureau Veritas	212.7	522.9
Constantia Flexibles	84.7	63.9
AlliedBarton	-	4.3
Cromology	23.0	25.8
Stahl	36.4	77.8
Oranje-Nassau Développement	12.5	14.0
Other holding companies	24.7	10.1
Cash and cash equivalents of subsidiaries and other holding companies	**394.3**	**752.9**
TOTAL	**1,621.3**	**1,223.2**
of which non-current assets	***0.7***	***34.6***
of which current assets	***1,620.6***	***1,188.6***

(1) In addition to this cash, Wendel had €303.9 million in short-term financial investments as of June 30, 2016 and €328.9 million as of December 31, 2015 (see note 4-2.1, "Wendel's liquidity risk").

NOTE 9 Financial Assets And Liabilities (Excluding Financial Debt And Operating Receivables And Payables)

Note 9-1 Financial assets

In millions of euros	Method for recognizing changes	Level	06/30/2016	12/31/2015
Pledged cash and cash equivalents of Wendel and its holding companies	Income statement (1)	1	0.5	0.5
Unpledged cash and cash equivalents of Wendel and its holding companies	Income statement (1)	1	1,226.5	469.8
Wendel's short-term financial investments	Income statement (1)	1	303.9	328.9
Cash and short-term financial investments of Wendel and its holding companies			**1,530.9**	**799.2**
Pledged cash and cash equivalents of subsidiaries	Income statement (1)	1	0.2	34.1
Cash and cash equivalents of subsidiaries	Income statement (1)	1	394.1	718.8
Assets available for sale - A	Shareholders' equity (2)	3	128.8	217.3
Financial assets at fair value through profit or loss	Income statement (1)	1	25.7	28.8
Loans - B	Amortized cost	N/A	95.3	92.5
Deposits and guarantees	Amortized cost	N/A	83.2	78.4
Derivatives - C	Income statement (1)/Sh. equity (2)	See C	22.9	27.7
Other			105.5	117.4
TOTAL			**2,387.2**	**2,114.1**
of which non-current financial assets, including pledged cash and cash equivalents			***354.1***	***504.2***
of which current financial assets, including cash and cash equivalents			***2,032.3***	***1,609.9***

(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	06/30/2016	12/31/2015
Derivatives - C	Income statement (1)/Sh. equity (2)	See C	47.0	14.2
Minority puts, earn-outs and other financial liabilities of subsidiaries - D	Income statement (1)/Sh. equity (2)	3	337.5	342.6
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies - E	Income statement (1)/Sh. equity (2)	3	392.9	394.0
Financial liabilities linked to the co-investment vehicle in IHS - F	Income statement (1)	3	219.7	182.3
TOTAL			**997.1**	**933.1**
of which non-current financial liabilities			***727.6***	***748.4***
of which current financial liabilities			***269.5***	***184.6***

(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 – As of June 30, 2016, this item includes **the investment in Saham Group**. This group, based in Morocco and majority owned by its founder, has two legacy businesses: insurance and customer relationship centers. It is also expanding in the fields of real estate, health and education. This investment represents 13.3% of the Saham Group's share capital. It is carried at its fair value of €107 million (€113 million as of December 31, 2015). The €6 million reduction in fair value recognized during the year is recorded in consolidated reserves in "Gains and losses on assets available for sale" in accordance with accounting policies.

B – **Loans:** the total notably includes a loan granted to Kerneos (leader in aluminate technology) when it was sold by Materis in 2014. As of June 30, 2016, the face value of this loan (after capitalization of interest) was €47.3 million. Due in 2021, the loan offers an annual return of 10.5%.
This item also includes the debt of Sterigenics (world leader in sterilization services), acquired in 2015, the face value of which is $47 million. Due in 2023, the loan offers an annual coupon of 6.5%.

C – **Derivatives:**

In millions of euros		06/30/2016		12/31/2015	
	Level	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps – hedging of cash flows [(1)]	2	-	5.6	4.3	-
Interest rate swaps – not qualifying for hedge accounting [(1)]	2	2.4	12.8	4.9	8.5
Cross currency swaps – hedging of cash flows [(1)]	2	0.3	8.9	-	-
Optional component of bonds exchangeable for Saint-Gobain shares	2	-	12.5	-	-
Other derivatives – not qualifying for hedge accounting	2	20.2	7.3	18.4	5.7
TOTAL		**22.9**	**47.0**	**27.7**	**14.2**
of which non-current portion		***4.0***	***40.1***	***8.2***	***6.4***
of which current portion		***18.9***	***7.0***	***19.5***	***7.8***

(1) See description of swaps in note 9-4 below.

D – **Other financial liabilities:** as of June 30, 2016, this amount corresponds notably to the other financial liabilities of Bureau Veritas and Constantia Flexibles. It is largely comprised of minority put options or earn-out rights.

E – **Other financial liabilities**: as of June 30, 2016, this amount corresponds notably to the minority put options granted to Clariant on its stake in Stahl and to the H. Turnauer Foundation on 50% of its stake in Constantia Flexibles. It also includes liabilities related to certain liquidities granted as part of co-investments (see note 27-6, "Off-balance-sheet commitments – Shareholder agreements and co-investment mechanisms").

F – **Other financial liabilities:** see note 7-2, "Equity-method investments – Additional information on IHS."

Note 9-4 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)	06/30/2016	12/31/2015
	sign convention: (+) asset, (-) liability					
Hedging of bonds carried by Wendel						
\$885 million/€800 million	Pay 2.23% in US dollars against 0.24% in euros (2)		03/2016	11/2022	-8.6	
	Other				0.4	0.1
					-8.2	**0.1**
Hedging of subsidiaries' debt						
€80 million	0.42% cap on Euribor		pre-closing	12/2017	-	-
€100 million	Pay 0.19% on Euribor (0% floor)	hedge	pre-closing	10/2017	-0.3	-0.3
€40 million	1% cap on Euribor		04/2017	10/2018	-	-
€30 million	0.02% tunnel – 0.43% on Euribor		06/2015	10/2018	-0.4	-0.2
\$127 million	2% cap on Libor		pre-closing	04/2017	-	-
€45 million	Pay 0.21% against Euribor (0% floor)		pre-closing	04/2017	-0.1	0.1
€200 million	Pay 0.75% against Euribor	hedge	pre-closing	04/2022	-11.2	-4.5
€400 million	2.00% cap against Euribor		pre-closing	04/2020	1.4	2.2
	Other (3)				-5.8	3.3
					-16.4	**0.6**
TOTAL					**-24.6**	**0.7**

(1) The positions indicated in this table are aggregations of several similar contracts. The characteristics are therefore weighted averages.
(2) Wendel has established cross-currency swaps to convert €800 million of its bond debt into US dollars (average exchange rate of 1.1058), see note 4-5, "Managing currency risk."
(3) This amount includes the Bureau Veritas currency hedges that convert debt denominated in sterling into euros.

NOTE 10 Shareholders' equity

	Par value	Total number of shares	Treasury shares	Number of shares outstanding
As of 12/31/2015	€4	47,992,530	1,963,301	46,029,229
As of 06/30/2016	€4	48,010,380	2,254,022	45,756,358

The increase of 17,850 in the number of shares comprising the share capital stems from the exercise of stock options during the first half of 2016.

The number of shares held under the liquidity contract was 93,500 as of June 30, 2016, vs. 100,000 as of December 31, 2015, a reduction of 6,500 during H1 2016.

As of June 30, 2016, Wendel held 2,160,522 of its shares in treasury outside of the context of the liquidity contract (1,863,301 as of December 31, 2015). These treasury shares were 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 297,221 shares was due to:

- the purchase of 339,335 shares during the first half; and
- the sale of 42,114 shares to meet the exercise of stock options.

In total, treasury shares accounted for 4.69% of the share capital as of June 30, 2016, which allowed the cancelation of 2% of capital in July 2016 (see note 28, "Subsequent events").

NOTE 11 Provisions

In millions of euros	06/30/2016	12/31/2015
Provisions for risks and contingencies	237.8	307.1
Employee benefits	301.9	282.3
TOTAL	**539.7**	**589.4**
of which non-current	***473.5***	***453.4***
of which current	***66.1***	***136.0***

Note 11-1 Provisions for risks and contingencies

In millions of euros	06/30/2016	12/31/2015
Bureau Veritas	137.7	133.7
Constantia Flexibles	58.7	61.6
AlliedBarton	-	68.0
Cromology	10.4	9.9
Stahl	1.1	1.2
Oranje-Nassau Développement	9.4	11.9
Wendel and holding companies	20.6	20.7
TOTAL	**237.8**	**307.1**
of which non-current	***171.7***	***171.1***
of which current	***66.1***	***136.0***

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 2015 consolidated financial statements, "Provisions for risks and contingencies."

The various judicial proceedings brought by former Wendel managers as a result of the unwinding of a mechanism linking their compensation to the Group's performance were concluded either by the rejection of their claims or a stay pending decisions in other individual cases. The Wendel Group considers the various claims of these former employees to be unfounded, and has not recognized any provision against them.

Note 11-2 Employee benefits

Provisions for retirement commitments and other long-term benefits are as follows:

In millions of euros	06/30/2016	12/31/2015
Bureau Veritas	174.8	148.4
Constantia Flexibles	66.8	61.3
AlliedBarton	-	19.2
Cromology	29.7	24.9
Stahl	18.8	18.6
Oranje-Nassau Développement	10.4	8.5
Wendel and holding companies	1.4	1.4
TOTAL	**301.9**	**282.3**

NOTE 12 Financial debt

In millions of euros	Currency	Coupon rate	Effective interest rate [2]	Maturity	Repayment	Total lines	06/30/2016	12/31/2015
Wendel								
2016 bonds	EUR	4.875%	5.501%	05/2016	at maturity		-	643.7
2017 bonds	EUR	4.375%	5.186%	08/2017	at maturity		634.4	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		313.5	600.0
2019 Saint-Gobain exchangeable bonds	EUR	0.000%	1.342%	07/2019	at maturity		500.0	
2020 bonds	EUR	1.875%	2.055%	04/2020	at maturity		300.0	300.0
2021 bonds	EUR	3.750%	3.833%	01/2021	at maturity		400.0	400.0
2024 bonds	EUR	2.750%	2.686%	10/2024	at maturity		500.0	500.0
2027 bonds	EUR	2.500%	2.576%	02/2027	at maturity		500.0	500.0
Syndicated loan	EUR	Euribor+margin		11/2019	revolving credit	€650 million	-	-
Bank borrowings [1]	EUR	Euribor+margin		03/2020	revolving credit	€500 million	-	-
Amortized cost of bonds and of the syndicated loan and deferred issuance costs							-18.2	4.2
Accrued interest							66.5	93.9
Shareholder loans							21.0	20.2
							3,717.2	**4,254.0**
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	500.0
Borrowings and debt from lending institutions maturing in less than 1 year – fixed rate							39.2	11.9
Borrowings and debt from lending institutions maturing in less than 1 year – floating rate							90.9	67.1
Borrowings and debt from lending institutions maturing in 1 to 5 years – fixed rate							601.3	642.1
Borrowings and debt from lending institutions maturing in 1 to 5 years – floating rate							310.2	314.4
Borrowings and debt from lending institutions maturing in more than 5 years – fixed rate							181.0	183.7
Borrowings and debt from lending institutions maturing in more than 5 years – floating rate							168.6	170.8
							2,391.2	**2,390.0**
Constantia Flexibles								
2017 bonds	EUR	Fixed		05/2017	at maturity		129.1	129.1
Bank borrowings	EUR	Euribor+margin		04/2022	at maturity		886.3	886.3
Bank borrowings	USD	Libor+margin		2015 to 2022	amortizing		201.9	206.9
Bank borrowings	EUR	Euribor+margin		06/2023	amortizing		20.0	-
Bank borrowings	EUR	Euribor+margin		06/2022	revolving credit	€90 million	20.0	-
Bank borrowings (EUR, RUB, INR, CNY)		Euribor+margin and fixed		2015 to 2022	amortizing		33.2	36.3
Deferred issuance costs							-47.1	-50.5
Other borrowings and accrued interest							58.0	37.8
							1,301.4	**1,245.8**

In millions of euros	Currency	Coupon rate	Effective interest rate [2]	Maturity	Repayment	Total lines	06/30/2016	12/31/2015
AlliedBarton [3]							**-**	**903.9**
Cromology								
Bank borrowings	EUR	Euribor+margin		08/2021	at maturity		267.0	267.0
Bank borrowings	EUR	Euribor+margin		08/2020	revolving credit	€77 million	20.0	-
Deferred issuance costs							-5.8	-6.3
Materis shareholder loans							54.4	51.2
Other borrowings and accrued interest							5.7	3.0
							341.3	**314.9**
Stahl								
Bank borrowings	EUR	Euribor+margin		06/2019	revolving credit	€35 million	20.0	-
Bank borrowings	USD	Libor+margin		06/2019	amortizing		85.7	99.4
Bank borrowings	EUR	Euribor+margin		06/2019	amortizing		17.2	19.6
Bank borrowings	USD	Libor+margin		12/2019	at maturity		98.3	100.0
Bank borrowings	EUR	Euribor+margin		12/2019	at maturity		26.0	26.0
Deferred issuance costs							-5.1	-5.8
Other borrowings and accrued interest							-	-
							242.1	**239.2**
Mecatherm								
Bank debt (senior)	EUR	Euribor+margin		2015 to 2018	amortizing		32.4	37.1
Bank borrowings	EUR	Euribor+margin		09/2017	revolving credit	€5 million	5.0	5.0
Deferred issuance costs							-0.6	-0.8
Other borrowings and accrued interest							0.9	1.0
							37.7	**42.4**
CSP Technologies								
Bank borrowings	USD	Libor+margin		01/2022	amortizing		150.2	153.9
Bank borrowings	USD	Libor+margin		01/2020	revolving credit	$25 million	14.4	-
Deferred issuance costs							-9.4	-9.3
Other borrowings and accrued interest							2.3	2.6
							157.5	**147.2**
NOP								
Bank borrowings	JPY	Tibor+margin		2015 to 2019	amortizing		9.6	9.6
Bank borrowings	JPY	Tibor+margin		02/2019	at maturity		26.3	22.9
Deferred issuance costs							-0.2	-0.2
Other borrowings and accrued interest							1.5	1.5
							37.2	**33.8**
TOTAL							**8,225.5**	**9,571.2**
of which non-current portion							***7,261.2***	***8,660.9***
of which current portion							***964.4***	***910.3***

(1) This loan was granted by the banks in the form of combined financial instruments, contractually linked and indissociable so as to enable the repayment of the funds made available by the banks. The combination of these instruments is equivalent to a conventional bank loan.
(2) The effective interest rate is calculated inclusive of issue premiums/discounts and bank issuance fees. For bonds that were issued in several stages, the effective interest rate corresponds to the weighted average of the par value issued.
(3) The AlliedBarton debt has been reclassified as "Liabilities of operations held for associates" (see note 2, "Changes in scope of consolidation").

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
Par value Wendel and holding companies	-	-2,647.9	-996.8	-3,644.7
Interest Wendel and holding companies (1)	-152.4	-373.3	-152.1	-677.9
Subsidiaries and associates				
■ notional amount	-889.0	-1,783.6	-1,848.2	-4,520.8
■ interest	-175.3	-512.1	-61.5	-748.8
TOTAL	**-1,216.7**	**-5,317.0**	**-3,058.6**	**-9,592.2**

(1) Interest was calculated on the basis of the yield curve prevailing on June 30, 2016.

NOTE 13 Activities held for sale or for associates

Note 13-1 Assets and liabilities of operations to be recognized using the equity method

The nature of the assets and liabilities of the AlliedBarton Group reclassified as "Assets of operations to be recognized using the equity method" and "Liabilities of operations to be recognized using the equity method" (see note 2, "Changes in scope of consolidation") is as follows:

In millions of euros	Assets		Liabilities
Goodwill, net	885.0	Provisions	87.6
Intangible assets, net	487.1	Financial debt	903.2
Property, plant & equipment, net	6.1	Trade payables	15.5
Financial assets available for sale	30.9	Fiscal and employee-related liabilities	87.7
Trade receivables	291.0	Other	75.9
Cash and cash equivalents	38.8		
Other	12.2		
TOTAL	**1,751.0**		**1,169.8**

The AlliedBarton Group is not intended to be sold, but will be consolidated by the equity method as of August 1, 2016, following its merger with Universal Services of America (see note 28, "Subsequent events"). In accordance with IFRS 5, the assets and liabilities of AlliedBarton have accordingly been reclassified in the balance sheet.

Note 13-2 Net income from assets held for sale or to be recognized using the equity method

In millions of euros	1st half 2016	1st half 2015
Gain on divestments		
Parcours (1)	38.9	-
Other	-0.2	-
	38.7	**-**
Net income for the period from discontinued operations or operations to be recognized using the equity method		
AlliedBarton (2)	-46.2	-
Parcours (1)	42.9	7.5
	-3.3	**7.5**
TOTAL	**35.4**	**7.5**

(1) *IFRS 5 provides for the discontinuation of depreciation from the date of classification as "Assets and liabilities held for sale." Parcours generated net income of €42.9 million for the period including the discontinuation of depreciation, and the gain on disposal was €38.9 million. Excluding the discontinuation of depreciation, Parcours' contribution to net income for the period was €3.5 million, and the disposal would have generated a gain of €78.3 million.*
(2) *See note 2, "Changes in scope of consolidation." This item includes an expense of €44.8 million related to the merger between AlliedBarton and Universal Services of America (see note 2, "Changes in scope of consolidation"), which will be offset in H2 by a gain of the same amount following the merger.*

Note 13-3 Information on AlliedBarton

The main income statement aggregates of the AlliedBarton Group are presented below:

In millions of euros	06/30/2016
Net sales (1)	1,061.5
EBITDA	59.9
Operating income (2)	34.1
Other operating income and expenses (2)(3)	-54.1
NET INCOME	**-47.3**
of which Net income – Group share	***-44.9***

(1) *Organic sales growth was 6.9% in H1 2016.*
(2) *Excluding items eliminated on consolidation.*
(3) *This item includes an expense of €44.8 million related to the merger between AlliedBarton and Universal Services of America (see note 2, "Changes in scope of consolidation"), which will be offset in H2 by a gain of the same amount following the merger.*

9 Notes to the income statement

NOTE 14 Net sales

In millions of euros	1st half 2016	1st half 2015	% Change	Organic growth
Bureau Veritas	2,221.4	2,318.7	-4.2%	-0.6%
Constantia Flexibles (1)	1,024.3	485.6	N/A	2.9%
Cromology	375.9	383.8	-2.1%	0.5%
Stahl	330.7	317.9	4.0%	6.6%
Oranje-Nassau Développement				
■ Mecatherm	62.1	38.4	61.9%	61.9%
■ CSP Technologies (1)	56.1	38.5	N/A	13.3%
■ Nippon Oil Pump	21.5	19.9	8.0%	0.8%
TOTAL	**4,091.9**	**3,602.7**	**13.6%**	**1.3%**

(1) Organic growth is calculated over six months.

NOTE 15 Finance costs, net

In millions of euros	1st half 2016	1st half 2015
Income from cash and cash equivalents	1.7	1.4
	1.7	**1.4**
Finance costs, gross		
Interest expense	-190.5	-177.7
Interest expense on loans from non-controlling shareholders	-4.5	-5.3
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)	-5.4	-7.0
	-200.5	**-190.0**
TOTAL	**-198.8**	**-188.6**

NOTE 16 Other financial income and expense

This item amounting to an expense of €114.0 million was impacted in particular by the loss on bond redemptions and the revaluation of the liability related to IHS co-investors:

In millions of euros	1st half 2016	1st half 2015
Gains/losses on disposal of assets available for sale	-	0.4
Dividends received from unconsolidated companies	0.6	0.8
Net income on interest rate, currency and equity derivatives	-9.3	30.2
Interest on other financial assets	3.8	9.7
Net currency exchange gains/losses	-0.8	-26.4
Impact of discounting	-5.7	-2.7
Gain on buyback of debt (1)	-56.7	-0.0
Other (2)	-46.0	-15.1
TOTAL	**-114.0**	**-3.1**

(1) Including a €56.6 million expense related to the redemption offer for bonds (see note 4-2, "Managing liquidity risk").
(2) This amount included a €40.8 million expense, representing a revaluation of the liability related to IHS co-investors (see note 7-2, "Additional information on IHS").

NOTE 17 Tax expense

In millions of euros	1st half 2016	1st half 2015
Current income tax payable	-142.0	-141.4
Deferred taxes	27.3	34.6
TOTAL	**-114.7**	**-106.8**

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

This item was negatively affected by the loss on the sale of Saint-Gobain shares and the currency translation loss recognized by IHS (see note 7-2 "Additional information on IHS"):

In millions of euros	1st half 2016	1st half 2015
Net income including impact of goodwill allocation		
Saint-Gobain	52.3	61.7
IHS	-125.3	-60.7
exceet	-3.9	-2.4
Other companies	0.4	0.4
Sale of Saint-Gobain shares [1]	-229.6	-
Impact of IHS dilution [2]	-	18.1
Impact of dilution on the Saint-Gobain investment [3]	-	-17.5
Reversal of provision for impairment of Saint-Gobain securities [4]	-	106.6
Impairment of exceet shares	-	-16.2
TOTAL	**-306.0**	**89.9**

(1) See note 2, "Changes in scope of consolidation" with respect to Saint-Gobain.
(2) In H1 2015, the change in the consolidated percentage interest generated a dilution gain of €18.1 million stemming from the series of premiums applied to IHS's capital increases.
(3) The change in the Group's stake in Saint-Gobain during H1 2015 resulted in an immaterial dilution of 0.2%.
(4) In H1 2015, a portion of the impairment recognized for the year ended December 31, 2014 was reversed to make the net carrying amount of securities equal to their value in use.

NOTE 19 Earnings per share

In euros and millions of euros	1st half 2016	1st half 2015
Net income – Group share	-425.1	32.2
Impact of dilutive instruments on subsidiaries	-8.8	-4.8
Diluted net income	**-433.9**	**27.4**
Average number of shares, net of treasury shares	45,866,417	46,195,303
Potential dilution due to Wendel stock options [1]	-	520,010
Diluted number of shares	**45,866,417**	**46,715,313**
Basic earnings per share *(in euros)*	-9.27	0.70
Diluted earnings per share *(in euros)*	-9.46	0.59
Basic earnings per share from continuing operations *(in euros)*	-10.07	0.54
Diluted earnings per share from continuing operations *(in euros)*	-10.26	0.43
Basic earnings per share from discontinued operations *(in euros)*	0.80	0.16
Diluted earnings per share from discontinued operations *(in euros)*	0.80	0.15

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

10 Notes on changes in cash position

NOTE 20 Acquisition of property, plant & equipment and intangible assets

In millions of euros	1st half 2016	1st half 2015
By Bureau Veritas	66.7	86.4
By Constantia Flexibles	35.9	25.9
By Cromology	8.8	7.8
By Stahl	9.8	10.8
By AlliedBarton	1.5	-
By Oranje-Nassau Développement (1)	6.2	180.7
By Wendel and holding companies	0.4	0.3
TOTAL	**129.3**	**311.9**

(1) Including €175.7 million for the purchase of vehicles leased by Parcours in H1 2015.

NOTE 21 Acquisition of equity investments

In millions of euros	1st half 2016	1st half 2015
CSP Technologies	-	184.1
Constantia Flexibles	-	1,337.1
Participation in IHS capital increase	-	97.1
Other acquisitions by Wendel and holding companies	0.3	8.9
By Bureau Veritas	131.8	52.3
By Cromology	-	0.9
By Stahl	1.6	-
By Constantia Flexibles	0.9	-
By Oranje-Nassau Développement (1)	39.6	-
TOTAL	**174.2**	**1,680.3**

(1) This relates to the acquisition of Maxwell Chase by CSP Technologies (see note 2, "Changes in scope of consolidation").

NOTE 22 Disposal of equity investments

In millions of euros	1st half 2016	1st half 2015
Sale of Saint-Gobain shares	1,155.0	-
Sale of Bureau Veritas shares	-	975.1
Disposal of Parcours	240.7	-
Other	5.4	-
TOTAL	**1,401.0**	**975.1**

NOTE 23 Impact of changes in scope of consolidation and of operations held for sale

As of June 30, 2016, this item corresponds to the consolidation of Bureau Veritas' and Constantia Flexibles' subsidiaries in the amounts of €9.6 million for €7.1 million respectively, and the reclassification as "Assets and liabilities of operations to be recognized using the equity method" of the cash and cash equivalents of the AlliedBarton Group in the amount of €38.8 million.

In the first half of 2015, this line item comprised assets that entered the scope of consolidation of Constantia Flexibles and CSP Technologies.

NOTE 24 Changes in other financial assets and liabilities and other

As of June 30, 2015, this line item principally reflected the negative €136.1 million impact of unwinding the Saint-Gobain put options.

NOTE 25 Dividends received from equity-method investments and unconsolidated companies

Dividends received from Bureau Veritas and Stahl, in the amounts of €90.4 million and €48.0 million respectively, are eliminated on consolidation.

The €44.4 million Saint-Gobain dividend was paid in June 2016.

NOTE 26 Net change in borrowings and other financial liabilities

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

In millions of euros	1st half 2016	1st half 2015
New borrowings by:		
Wendel - Bond issue (1)	500.0	500.0
Bureau Veritas	45.8	259.6
Constantia Flexibles (2)	43.8	1,092.8
Cromology	32.8	14.1
Stahl	25.0	-
AlliedBarton	31.4	-
Oranje-Nassau Développement (3)	16.4	385.9
	695.2	**2 252.3**
Borrowings repaid by:		
Wendel – 2016 bonds (1)	643.6	-
Wendel – Repurchase of bonds (1)	400.0	-
Bureau Veritas	13.8	68.8
Constantia Flexibles (2)	11.4	558.3
Cromology	0.2	7.1
Stahl	19.3	33.9
AlliedBarton	36.2	-
Oranje-Nassau Développement (3)	9.3	304.1
	1,133.9	**972.2**
TOTAL	**-438.7**	**1,280.0**

(1) See note 4-2.1 "Wendel's liquidity risk and its holding companies".
(2) In H1 2015, these amounts corresponded to the implementation of the new Constantia Flexibles funding implemented upon its acquisition by Wendel, and the repayment of the existing funding.
(3) In H1 2015, these amounts related to the issuance of bonds to cover Parcours' operations in the amount of €225.3 million, and to the repayment of €175.9 million in existing debt. These loans financed the company's fleet of vehicles leased out to customers. These amounts also included €151 million in drawdowns as part of the new CSP Technologies funding implemented upon its acquisition, and repayment of the existing funding in the amount of €118 million.

11 Other notes

NOTE 27 Off-balance-sheet commitments

As of June 30, 2016, there were no commitments liable to have a significant impact on the Group's financial position other than the leases mentioned below (see note 35-8 to the 2015 consolidated financial statements on leasing).

Note 27-1 Collateral and other security given in connection with financing

In millions of euros	06/30/2016	12/31/2015
(i) Pledge by Constantia Flexibles 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 Constantia Flexibles Group.	1,348.5	1,296.4
(ii) Pledge by Cromology 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 Cromology Group.	292.7	270.0
(iii) 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.	247.2	245.0
(iv) 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.	-	635.0
(v) Pledge by CSP Technologies 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 CSP Technologies Group.	166.8	156.5
(vi) 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.	37.9	42.7
(vii) 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.	36.0	32.5
(viii) Pledge by AlliedBarton Group entities (ABSS) 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 AlliedBarton Group.	910.4	933.3
(ix) Pledge of listed shares in connection with financing subject to activation of guarantees.	-	-
(x) Pledge of cash in connection with financing subject to activation of guarantees.	-	-
TOTAL	**3,039.5**	**3,611.4**

Note 27-2 Guarantees given as part of asset sales

Guarantees given as part of the sale of the Kerneos, Parex and Chryso divisions of Materis, and the disposals of the Deutsch, Editis and Parcours Groups, as well as reciprocal guarantees granted on Clariant's acquisition of a stake in Stahl in consideration for the contribution of its Leather Finishing division cover customary representations and guarantees for such transactions. No claim with respect to these guarantees is pending to date.

All deadlines applicable to claims in respect of guarantees given in connection with the sale of Oranje-Nassau Energie's oil and gas activities in 2009 have expired, although a tax claim of approximately $500 thousand was received in May 2016.

No provisions have been recognized for these guarantees.

Note 27-3 Guarantees received in connection with asset acquisitions

Guarantees received in connection with the acquisitions of Mecatherm, IHS, Constantia Flexibles, CSP Technologies, AlliedBarton and Saham, and reciprocal guarantees received on Clariant's acquisition of a stake in Stahl in consideration for the contribution of its Leather Finishing division cover customary representations.

Note 27-4 Off-balance-sheet commitments given and received related to operating activities

In millions of euros	06/30/2016	12/31/2015
Market counter-guarantees and other commitments given		
by Bureau Veritas (1)	378.4	401.6
by Constantia Flexibles	3.8	1.5
by Cromology	13.3	8.7
by Oranje-Nassau Développement (Mecatherm)	12.3	20.9
TOTAL COMMITMENTS GIVEN	**407.8**	**432.7**
Other commitments received	-	-
TOTAL COMMITMENTS RECEIVED	**-**	**-**

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

Note 27-5 Acquisition and subscription commitments

In the six months to June 30, 2016, the Group undertook to invest approximately €11 million in indirect investments made by Oranje-Nassau Développement.

Furthermore, as part of the investment in SGI Africa (see note 28, "Subsequent events"), the Group has undertaken to invest up to €120 million in stages over the coming years (€25 million invested in July 2016).

Note 27-6 Shareholder agreements and co-investment mechanisms

As of June 30, 2016, the Wendel Group was party to several agreements governing its relations with co-shareholders, whether co-investors in its subsidiaries or unlisted companies (Constantia Flexibles, IHS, Materis, Saham and Stahl) or managers (or former managers) of subsidiaries in connection with mechanisms enabling them to share in their company's performance (AlliedBarton, Constantia Flexibles, CSP Technologies, Materis, Stahl, Mecatherm and Nippon Oil Pump).

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; and
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO.

The Constantia Flexibles, Stahl and Saham shareholder agreements also contain the following terms:

- for Constantia Flexibles, the H. Turnauer Foundation, which manages the interests of the founding family of Constantia Flexibles, has the option to request an IPO or a repurchase of shares through a refinancing of the group between 2020 and 2023, in the aim of ensuring the liquidity of its investment as a priority. Failing such an event, the H. Turnauer Foundation can exercise a put option granted to it by Wendel to sell half of its initial investment at market value, payable in two tranches in cash or in Wendel shares, at the Wendel Group's option. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts;
- for Stahl:
  - minority financial investors (former second-lien and mezzanine lenders) have a put option to sell shares at a discount, in tranches of one-third of their stake between 2016 and 2018. The first third was not exercised. The commitment bearing on the two-thirds still exercisable was recognized in financial liabilities in accordance with accounting policies applicable to minority put options ;
  - Clariant, a minority shareholder in Stahl since the acquisition of Clariant Leather Services, benefits from a medium-term liquidity guarantee granted by the Wendel Group to Clariant in an amount determined by a predefined margin multiple. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts;
- for Saham, the majority shareholder of Saham has the option to buy back the Wendel Group's entire investment in Saham until 2018 (at a price guaranteeing a minimum IRR of 15% for the Group).

The agreements with the management teams (managers or former managers) of subsidiaries (AlliedBarton, Constantia Flexibles, CSP Technologies, Materis, Mecatherm, Nippon Oil Pump and Stahl) also contain stipulations relative to:

- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period of time (between the 5th and 12th anniversaries of the completion of the co-investment, depending on the relevant agreement); and
- the handling of executive departures (commitment to sell shares to the Wendel Group in the event of the departure of an executive from a subsidiary and/or commitment to buy shares in certain specific cases).

Co-investment terms for senior managers in the subsidiary companies are described in greater detail in note 4-2 to the 2015 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, in the absence of a liquidity event (divestment or IPO) before certain predetermined dates, the Wendel Group can be required to buy back the shares held by subsidiary managers (or former managers) in AlliedBarton, Constantia Flexibles, CSP Technologies, Materis, Mecatherm, Nippon Oil Pump and Stahl. The value applied to these liquidity commitments is the market value determined by the parties or an independent appraiser, or a value calculated on the basis of an earnings multiple.

This would also be the case for Wendel managers holding shares under co-investment mechanisms in AlliedBarton, Constantia Flexibles, CSP Technologies, IHS, Materis, Mecatherm, Nippon Oil Pump, Saham and Stahl (see note 4-1 to the 2015 consolidated financial statements on the participation of Wendel managers in the Group's investments).

As of June 30, 2016, based on the investment values used to calculate NAV or based on pricing formulas in the agreements:

- the value of *pari passu* investments made under the same risk and return conditions as Wendel by all joint shareholders and co-investing managers of Wendel subsidiaries enjoying liquidity rights was €350 million (including amounts related to minority put options on Constantia Flexibles and Stahl); and
- the value of the portion of non-*pari passu* investments of co-investing managers of Wendel and its subsidiaries, *i.e.* investments having dilutive effects on the Wendel Group's ownership interest, was €156 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 (€419 million).

The 2016 cash commitments for the Stahl and Wendel managers for their joint investment in Stahl were recognized in financial liabilities in 2015. Their amount was revalued as of June 30, 2016, generating an accounting expense of €21 million. This cash would be payable in 2017 in the absence of a liquidity event (divestment or IPO) before the end of the current year.

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 27-7 Other agreements concluded by the Wendel Group in connection with acquisitions, divestments or restructuring of investment financing

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

CSP Technologies vendors benefit from an earn-out right capped subject to the achievement by the CSP Technologies Group of predetermined performance criteria in the three years following the group's acquisition by Wendel. No provision has been set aside to cover this contingency.

As part of the syndication with Maxburg Capital Partners of a minority investment in Constantia Flexibles, Wendel enjoys an earn-out right on the portion transferred in this manner subject to the achievement by Maxburg Capital Partners of minimum profitability thresholds over the duration of its investment in Constantia Flexibles in the event of divestment.

NOTE 28 Subsequent events

1. Cancellation of 2% of Wendel's share capital

At the end of July 2016, Wendel's Executive Board decided to cancel 960,837 treasury shares, representing 2% of the share capital, pursuant to the authorization given to it by the Supervisory Board. This cancellation of securities follows share purchases made by the Group in connection with its share buyback program.

2. Merger of AlliedBarton and Universal Services of America

The merger of AlliedBarton and Universal Services of America was completed on August 1, 2016. Following the transaction, in consideration for its shares in the capital of AlliedBarton Security Services, Wendel now holds a stake of approximately 33% in Allied Universal. It also received approximately $387 million in cash after the closing of the deal. Allied Universal will be consolidated using the equity method from August 1, 2016, given the significant influence exercised by the Group.

3. Investment in SGI Africa

On July 29, 2016, Wendel announced the completion of the acquisition of 40% of the capital of SGI Africa. SGI Africa is a fast-growing pan-African real estate company created by CFAO to support its development plan in the retailing sector. SGI Africa builds and operates shopping malls, notably under its PlaYce brand. These projects represent a total investment of about €500 million to be financed by its shareholders and by bank debt.

SGI Africa's shareholders now comprise Wendel (40% interest), CFAO (40%) and FFC (partnership between CDC International Capital and Qatar Investment Authority, 20%). As such, Wendel and CFAO control the company jointly.

Wendel, via Oranje-Nassau Développement, has made an initial investment of approximately €25 million in SGI Africa, and plans to invest up to €120 million in stages in the coming years.

12 Statutory auditors’ review report on the 2016 half-year financial information

(Period from January 1, 2016 to June 30, 2016)

This is a free translation into English of the statutory auditors' review report on the half-year financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group’s half-year management report. 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 Meeting of Shareholders 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 half-year consolidated financial statements of WENDEL, for the six months ended June 2016;
- the verification of the information contained in the half-year management report.

These condensed half-year 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 half-year 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 the matter set out in note 7-4 “Impairment tests on equity-method investments” to the condensed half-year 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 by WENDEL in Saint-Gobain for impairment as at 30 June 2016, and in particular, the sensitivity of the result of this test, with regard to changes in the discount rate, the long-term growth rate and normative profitability taken into account for the computation of cash flows beyond the five-year business plan.

II – Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review.

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

Neuilly-sur-Seine and Paris-La-Défense, September 7, 2016

The Statutory Auditors
French original signed by:

PricewaterhouseCoopers Audit
Françoise Garnier

ERNST & YOUNG Audit
Jean Bouquot

CERTIFICATION

WENDEL

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, September 7, 2016

Frédéric Lemoine

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