



# W E N D E L

## **Interim report for the first half of 2010**

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# Interim report for the first half of 2010

Management report for the first half of 2010 .....	3
Net asset value (NAV) .....	11
Condensed consolidated financial statements for the first half of 2010 .....	19

## **Management report for the first half of 2010**

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## 1 - MANAGEMENT REPORT

### Consolidated H1 2010 results

(millions of euros)	H1 2009	H1 2010	Δ
Contribution of subsidiaries and associates	261.5	393.2	+50.4%
Financing, operating expense and taxes	(199.7)	(172.9)	-13.4%
<b>Net income from business sectors <sup>(1)</sup></b>	<b>61.8</b>	<b>220.3</b>	<b>+256.4%</b>
<i>Net income (loss) from business sectors <sup>(1)</sup> Group share</i>	<i>(10.8)</i>	<i>123.2</i>	<i>n.s.</i>
Non-recurring income (loss) <sup>(2)</sup>	(963.1)	(20.9)	n.s.
<b>Total net income (loss)</b>	<b>(901.3)</b>	<b>199.4</b>	<i>n.s.</i>
<i>Net income (loss), Group share</i>	<i>(959.8)</i>	<i>124.5</i>	<i>n.s.</i>

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

(2) Including goodwill allocation

See Note 24 "Segment information" for a conversion of the interim financial statements from an accounting presentation to an economic presentation.

### Net income from business sectors

(millions of euros)	H1 2009	H1 2010	Δ
Bureau Veritas	141.3	152.8	+8.1%
Materis	10.5	14.5	+38.8%
Deutsch	(10.1)	31.7	n.s.
Stallergenes	13.4	20.2	+49.9%
Stahl	0.0	9.2	n.s.
Oranje Nassau Energy	13.8	-	n.s.
Saint-Gobain	41.6	102.2	+145.7%
Legrand	51.1	62.7	+22.8%
<b>Business sector contribution</b>	<b>261.5</b>	<b>393.2</b>	<b>+50.4%</b>
Operating expenses	(21.9)	(18.0)	-18.0%
Amortization, provisions and stock options expenses	(0.1)	(2.2)	n.s.
<b>Sub-total</b>	<b>(22.0)</b>	<b>(20.2)</b>	<b>-8.2%</b>
Management fees	(0.9)	1.3	n.s.
<b>Total operating expenses</b>	<b>(22.9)</b>	<b>(18.9)</b>	<b>-17.5%</b>
Net financial expenses	(56.1)	(59.8)	+6.7%
Financing costs related to Saint-Gobain	(120.7)	(94.2)	-22.0%
<b>Total financial expenses</b>	<b>(176.8)</b>	<b>(154.1)</b>	<b>-12.9%</b>
<b>Net income from business sectors <sup>(1)</sup></b>	<b>61.8</b>	<b>220.3</b>	<b>+256.4%</b>
<i>of which Group share <sup>(1)</sup></i>	<i>(10.8)</i>	<i>123.2</i>	<i>n.s.</i>

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

The Supervisory Board met on August 31, 2010 to examine Wendel's consolidated financial statements, which were approved by the Executive Board on August 26. The financial statements were subject to a limited review by the Statutory Auditors.

Wendel recorded a 10.3% rise in consolidated sales to €2,711 million and organic growth of 3.6% (5.5% with Stahl accounted on a six months basis). All of the companies, consolidated on a global or equity basis, grew.

The overall contribution of the Group's companies totaled €393.2 million, reflecting a substantial 50% increase compared to H1 2009: all of the companies contributed positively to Wendel's net income. Wendel's operating expenses fell 18% and financial expenses were cut by 12.9% over the first half. As a result, net income jumped a whopping 256.4% to €220.3 million. There were a few non-recurring items in H1 2010, resulting in a non-recurring loss of €20.9 million (including €105.6 million in income related to Saint-Gobain puts and a €93.0 million loss related to goodwill), against a loss of €963.1 million in H1 2009.

The Group's net income was largely positive at €199.4 million (€124.5 million, Group share) for the second half year in a row, after the significant loss in H1 2009 (-€901.3 million, or -€959.8 million, Group share) following the dilution loss and impairment charge on Saint-Gobain holdings. Consolidated shareholders' equity advanced to €2,020 million at June 30, 2010, from €1,581 million at December 31, 2009.

### **Income from the Group's companies attests to their operational quality**

#### **Bureau Veritas - Return to positive organic growth in H1 2010 - Step-up in growth expected in H2 2010**

Bureau Veritas recorded sales up +1.5% to €1,349 million compared to H1 2009. Bureau Veritas returned to positive organic growth of 2.5% in Q2. All businesses reported positive organic growth in H1, with the exception of the Marine and Construction businesses.

In H1 2010, Bureau Veritas resumed its acquisition policy by acquiring three companies representing cumulated annual sales of more than €300 million. The highlight was clearly the strategic acquisition of Inspectorate, which has enabled Bureau Veritas to become one of the global leaders in the buoyant commodities testing and inspection market. With this acquisition, Bureau Veritas achieved a key step in its expansion and now includes over 47,000 employees in 140 countries and generates annual sales of over €3 billion. The adjusted operating margin increased 60 basis points to 16.7% (expressed as a percentage of sales) or €225.6 million. In addition to the positive impact of the business tax reform in France, this growth reflects the improvement in operating processes.

The adjusted net income of Bureau Veritas grew 9% to €149.5 million vs. H1 2009.

In view of the acceleration in organic growth and the consolidation of Inspectorate, Bureau Veritas believes the positive trend in H1 will continue and expects sales to grow by around +10% in H2. The company is targeting slight growth in adjusted operating margin (as a percentage of sales) on an organic basis. Bureau Veritas' net debt at December 31, 2010 should represent less than 2x EBITDA,

thereby leaving the company sufficient financial capacity to pursue an active policy in small and medium-sized acquisitions.

### **Materis - Solid growth in business in H1 2010 - Expectations for full-year 2010 are upgraded**

Materis, a leader in building construction specialty chemicals, recorded a +7.5% increase in sales compared to H1 2009 to €925.3 million and organic growth of +5.1%, on the back of volume effects (+3.7%) and positive price and product mix effects (+1.4%). Overall in the first half of the year, despite depressed markets in the US, Spain and France and adverse weather conditions since the start of the year, business benefited from the momentum in emerging markets (+21%) and the upswing in the steel industry, which is driving growth in the Aluminates business (+24%). Adjusted operating profit came in at €101.5 million, or 11% of sales, with no change to gross margin as a percentage. Net debt increased slightly by +0.7% to €1,832 million.

Against a mixed (based on the country) and uncertain (concerning construction markets in Europe and the US) backdrop, Materis is maintaining its focus on organic growth, by relying on its innovation efforts and expansion into emerging markets. Moreover, while maintaining strict cost control, Materis intends to pursue its development through acquisitions in fast-growing markets. Accordingly, through its Admixtures division, the company finalized its takeover bid on a.b.e. construction chemicals (a.b.e.), a company listed in South Africa with sales of €25 million. The company manufactures and sales waterproofing and concrete repair products in emerging markets. Approved by 99% of a.b.e.'s shareholders, this transaction should be finalized in late September, subject to obtaining the required regulatory authorizations.

In light of its operating performance at the start of the year, Materis is forecasting a significantly better-than-expected 2010 and should avoid the expected decline in activity, as noted in its plan.

### **Deutsch - A significantly faster pace in sales growth in Q2 - Operating profit more than doubled over H1 2010**

Deutsch, a world leader in high-performance connectors, posted sales of \$269.9 million, up +19.2% compared with H1 2009, and organic growth of +19%. Growth stepped up significantly in Q2 2010, with organic growth of +34.1% vs. +6.7% in Q1 2010. Growth was driven by LADD (organic growth of +51.5%) and the industrial division (organic growth of +104.6%) attributable to strong demand across all high-performance connector end markets, in particular, heavy vehicles and construction machines and, the coming on stream of the factory opened earlier in the year in Shanghai.

The Aerospace division fell back (-13.1%), but its order book rose +13.6% in H1 2010 and has been on a significant uptrend since autumn 2009.

Drastic cost-cutting in 2009 produced its full effect this half of the year. Accordingly, operating profit more than doubled to \$56.0 million (+103.4%), from \$27.5 million. Operating margin stood at 20.7% of sales, vs. 12.1% in H1 2009.

The debt renegotiation transaction, finalized on April 30, reduced net debt by 14.2% to \$598 million.

Against an ongoing uncertain economic backdrop in its markets, Deutsch nonetheless expects to maintain its adjusted operating margin to over 20%.

### **Stallergenes - Excellent sales and profit growth - Upward revision of annual targets**

Sales for the first half, up 13% compared to the first half of 2009, amounted to €110.6 million, thanks to the continued advancement of sublingual treatments and buoyant Oralair® sales in Germany. Other highlights of the first half include the positive clinical results for Oralair® in the United States, Staloral® mites in China and Actair®.

A substantial increase in earnings was achieved in the first half. R&D expenditure fell very significantly by 22% in the first half due to a timing difference between the end of the clinical studies in progress and the start of new studies. Thus, operating profit rose by 51% to €29.5 million. Net income (Stallergenes share) also rose by 51% to €20.2 million, representing 18.2% of sales. These results are particularly encouraging in Stallergenes drive to enter into strategic partnerships. With a temporary 26% dip in investments and stable working capital requirements, free cash flow recorded an unprecedented 90% increase to €27.6 million. Net cash resources grew from €1.3 million to €25.0 million.

A priority for its expansion, the international deployment of Stallergenes will continue with, for example, the anticipated autumn market entry of Oralair® in the Netherlands, the Czech Republic, Slovakia and Austria. The market access process is ongoing in Southern European countries. In France more specifically talks have been initiated with the "Commission de Transparence" which should issue a public opinion by the end of the year.

Stallergenes increased its full-year 2010 projected sales growth to more than 10%. Despite the return to normal level of R&D expenditure in the second half, Stallergenes expects a significant increase in its full-year operating margin, which will be reflected in greater generation of free cash flow compared to 2009.

### **Stahl - Strong recovery in sales with an all-time high in the second quarter - Solid outlook for full-year 2010**

*(Full consolidation starting from February 26, 2010)*

Stahl, of which Wendel took control early in the year and in which the Group now holds a 92% stake, posted sales of €168.5 million in the first half of 2010, a 52.1% increase on the same period last year. Organic growth increased by 48%. The second quarter, which recorded an all-time high for sales (€93.8 million), saw strong organic growth at 42.7%, despite a less favorable base effect.

The world leader in leather finishing products and high-performance coatings gained market share, notably in the Permuthane (high-performance surface coating) division and by extending its range of products in the Leather division. Stahl also achieved sustained growth in emerging markets (which account for over 50% of its sales). Adjusted operating income of €27.6 million represents a 288% increase compared to the first half of 2009. Stahl's operating margin was up sharply, at 16.4%, thanks to the two-fold impact of volumes, prices and the fixed cost reduction plan.

Stahl's net financial debt amounted to €205 million at the end of June 2010, compared to €195 million following the financial restructuring which took place in February 2010. This was due to a slight deterioration in working capital requirement (WCR) associated with the sharp recovery in activity.

Considering the intensification of its marketing efforts in emerging countries, an increase in the workforce at its Suzhou factory, the opening of new laboratories in China and the extension of its distribution network, Stahl expects its growth to stabilize at high but more sustainable levels in the medium to long-term.

## **Saint-Gobain - Half-year results rebound strongly**

*(Equity method)*

Saint-Gobain's consolidated sales increased by 4.3% to €19,529 million. Organic sales rose 1.0%, including a positive 0.9% volume impact and a positive 0.1% price effect. Thanks chiefly to the cost savings achieved, the Saint-Gobain's operating income increased sharply by 55% compared to first-half 2009 and 12.4% on the six months to December 31, 2009. This fueled a steep rise in the operating margin, which climbed to 7.4% of sales, compared to 5.0% and 6.7% in the first and second halves of 2009 respectively. Each major geographic region made a positive contribution. Net income grew significantly, 291.4% year-on-year to €501 million.

On the back of the action plans implemented (prices, cost cutting, optimization of cash flow generation) coupled with the payment of 72% of the 2009 dividend in stock, Saint-Gobain paid down €1.8 billion in net debt over one year.

Wendel chose to fully exercise the 2009 Saint-Gobain stock dividend payment option and, as such, received 3.1 million shares. As of August 25, 2010, Wendel held close to 93 million Saint-Gobain shares, representing 17.5% of capital and 26% of voting rights.

In the first half of the year, Saint-Gobain dedicated 2.2% of its sales to capital expenditure, which totaled €432 million. Most of these investments related to energy efficiency projects and initiatives in emerging countries. Saint-Gobain will intensify its selective investment policy in the second half of 2010 to leverage any growth opportunities that arise in its markets.

Saint-Gobain is confirming its objective of strong growth in operating income\*, with operating income for second-half 2010 slightly above the first half. Saint-Gobain is raising its free cash flow target of above €1 billion to €1.4 billion, while maintaining a robust financial structure.

\* at constant exchange rates

## **Legrand - Strong growth in emerging markets and continuing acquisitions - Target for 2010 adjusted operating margin raised again, to over 19%**

*(Equity method)*

Legrand's first-half sales were up 5.4% to €1,910 million, while the rise at constant scope of consolidation and exchange rates was 3.1% on H1 2009. Firm sales trends mainly reflected vigorous growth on emerging markets, where the first-half rise was +17.4%, combined with the success of new products and sustained expansion in fast-growing business segments, in particular energy efficiency.



Adjusted operating income totaled €400 million, a 44.3% increase on the first half of 2009. Representing 20.9% of sales, Legrand's adjusted operating margin was underpinned in particular by good operating leverage from sales growth and the full impact of reorganization programs already deployed.

On this basis, and despite the seasonality of fourth-quarter margin and the impact of rises in raw-material costs, Legrand has raised its full-year 2010 target for adjusted operating margin again, to over 19% from over 18% previously.

Net income soared 78.5% to €192.6 million vs. €107.9 million in the first half of 2009

Free cash flow totaled €283.7 million in the first six months of the year, fueled by outstanding operating performance and a gradual increase in working capital requirement, which Legrand aims to limit to 11% of sales.

With net debt declining by €482 million year on year, Legrand has the flexibility it needs to finance its development and continued its acquisition policy in emerging countries. Accordingly, Legrand acquired Inform, Turkey's number-one contender in UPS that reported 2009 sales of \$70 million and has 360 employees, and Indo Asian Switchgear\*, a key player in the Indian market for electrical protection devices whose 2010 sales should exceed €35 million. Both companies generate double-digit operating margins. Taking into account these acquisitions, the portion of sales generated in emerging markets will represent one-third of Legrand's full-year sales.

\* Subject to corporate approval.

### **Other events in H1 2010**

- €124 million reinvested in Deutsch and Stahl, giving them the resources they need to step up their performance (see Note D "Risk management - Liquidity" in the notes to the condensed first-half financial statements);
- Successful IPO for Helikos, raising €200 million (see Note B "Changes in consolidation scope" in the notes to the condensed first-half financial statements);
- Active management of investment in Saint-Gobain:
  - 5.1 million Saint-Gobain puts were sold for €117 million, lifting the proportion of Saint-Gobain shares exposed to changes in the share price from 75% at December 31, 2009 to 81% at June 30, 2010. In addition, €273 million in borrowings related to these puts and not subject to collateral calls were repaid (see Note 4.D "Financial assets and liabilities - derivatives" and Note 7 "Financial debt" in the notes to the condensed first-half financial statements).
  - Wendel subscribed to 3.1 million additional Saint-Gobain shares through share dividends (see Note B "Changes in consolidation scope" in the notes to the condensed first-half financial statements).

## 2 - OTHER INFORMATION

Discussion of **risk management, related party** information and **changes in consolidation scope** are included in the notes to the condensed consolidated H1 2010 financial statements.

## Net asset value (NAV)

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**Net asset value (NAV) as of August 25, 2010**

(millions of euros)

**8/25/2010**

	Number of shares	Share price <sup>(1)</sup>	
Listed investments by company			7,586
• Saint-Gobain	93.0 million	€32.0	2,972
• Bureau Veritas	56.3 million	€46.8	2,632
• Legrand	65.6 million	€25.2	1,654
• Stallergenes	6.1 million	€53.9	328
Unlisted equity investments (Deutsch, Materis, Stahl and VGG / AVR)			501
Other assets and liabilities of Wendel and holding companies <sup>(2)</sup>			39
Cash and financial investments <sup>(3)</sup>			1,611
<b>Gross asset value</b>			<b>9,737</b>
Wendel bond debt			(2,639)
Bank debt related to Saint-Gobain financing			(4,285)
Net value of hedges linked to Saint-Gobain financing <sup>(4)</sup>			377
<b>Net asset value</b>			<b>3,190</b>
<i>Number of shares</i>			<i>50,501,779</i>
<b>Net asset value per share</b>			<b>€63.2</b>
Average of 20 most recent Wendel share prices			€44.3
<b>Premium or discount on NAV</b>			<b>(29.9%)</b>

(1) Average share price of the 20 trading days prior to August 25, 2010

(2) Includes 906,246 treasury shares as of August 25, 2010

(3) Cash and financial investments of Wendel and Saint-Gobain acquisition holding companies, including €0.9 billion in unpledged cash as of August 25, 2010 (€0.5 billion in short-term cash positions and €0.4bn in liquid financial investments).

(4) Protection (purchases and sales of puts) covered approximately 19% of shares held at August 25, 2010.

## NAV calculation and publication

### 1. NET ASSET VALUE PUBLICATION DATES AND PUBLICATION-RELATED REVIEWS

The calendar of net asset value publication dates can be viewed in advance on Wendel's website at: <http://www.wendelgroup.com>.

Every time net asset value is reported, the following checks and validations are carried out:

- The Statutory Auditors verify that the methodology used for calculating net asset value complies with the one detailed in paragraphs 2-7 below and verify consistency with accounting data;
- The Audit Committee reviews the net asset value, comparing Wendel's valuation of unlisted investments with an independent valuation.

### 2. PRESENTATION OF NET ASSET VALUE

<b>Presentation format (publication at the level of detail reported)</b>	<b>Comments</b>
<b>Equity investments valuation date</b>	
+ Listed investments, including: > Saint-Gobain > Legrand > Bureau Veritas > Stallergenes	Average closing price over 20 days
+ Unlisted equity investments	Valuations based on earnings multiples of comparable listed companies are calculated using the average of the last 20 closing prices.
+ Other assets and liabilities of Wendel and holding companies	Including Wendel shares held in treasury
<b>INVESTMENTS</b>	Gross value of investments
<b>CASH AND CASH EQUIVALENTS (*)</b>	Pledged & unpledged cash of Wendel and holding companies
<b>WENDEL BOND DEBT</b>	Nominal value + accrued interest
<b>BANK DEBT RELATED TO SAINT-GOBAIN FINANCING</b>	Nominal value + accrued interest
<b>VALUE OF SAINT-GOBAIN PUTS</b>	Net market value of puts based on price used for Saint-Gobain shares
<b>NAV</b>	
<b>NUMBER OF WENDEL SHARES</b>	
<b>NAV/share</b>	

(\*): Amount of unpledged cash: €[X] million

### 3. VALUATION OF UNLISTED INVESTMENTS

**Unlisted investments** are valued by multiplying

- > the value of the company's shareholders' equity by
- > Wendel's ownership percentage at the valuation date

**The value of shareholders' equity** is equal to

- > the enterprise value of the investments
- > less net financial debt of investments (nominal value of gross debt - cash)

If net debt exceeds enterprise value, the value of shareholders' equity remains at zero as long as debt is without recourse to Wendel.

**Wendel's percentage ownership** is determined by the features of the equity instruments held by Wendel, minority interests and co-investor managers, if any (including co-investments of the managers of both subsidiaries and Wendel).

**Enterprise Value** is obtained by multiplying

- > measures of the company's operating income by
- > multiples of similar listed companies, and by transaction multiples if this produces a more accurate valuation.

The measures of operating income used to perform the calculation are:

- > recurrent EBITDA calculated by Wendel
- > recurrent EBITA calculated by Wendel

Enterprise value corresponds to the average of the values calculated using EBITDA and EBITA for the current year and the year preceding the valuation. The reference years become the current period and the following year once the budget is set for the following year.

**Multiples of comparable listed companies** are obtained by dividing

- the enterprise value of comparable companies by
- EBITA and EBITDA of the reference years

**Enterprise value of the comparable companies** is obtained by summing

- market capitalization (the average closing price over the last 20 trading days), and
- net financial debt (gross debt at nominal value minus cash)

**Comparable listed companies** are chosen based on:

- independent data and studies,
- information available from Group companies themselves, and
- research carried out by Wendel's investment team.

The peer group has remained stable over time. It is only changed when a company is no longer comparable (in which case it is removed from the peer group) or when a company is newly considered as belonging to the group of comparable companies for the investment under valuation.

Non-representative multiples are excluded from the peer group (e.g. during public offer periods or any other exceptional item affecting the various cash flow or income measures or the share price).

The data, analyses, forecasts or consensus values used are based on information available at each valuation date.

#### 4. LISTED INVESTMENTS AND CASH

**Listed investments** are valued on the basis of the average closing price of the 20 trading sessions prior to the valuation date.

**Cash of Wendel and its holding companies includes:**

- > available cash at the valuation date (including liquid investments) and
- > pledged cash.

#### 5. FINANCIAL DEBT

**Financial debt (Wendel's bond debt and bank debt incurred for Saint-Gobain financing)** is valued

- > at its nominal value
- > plus accrued interest

As financial debt is recognized at its nominal value, it is not affected by changes in interest rates and credit ratings. Accordingly, the market value of **interest-rate swaps** is not included as they are embedded in the debt.

#### 6. SAINT-GOBAIN PROTECTION (PUTS)

**The value of Saint-Gobain protection** (puts) is calculated on the basis of a mathematical model commonly used to value options; the Saint-Gobain price used for this calculation is the same as that used for valuing Saint-Gobain shares under the Group's listed investments.

## 7. OTHER NAV COMPONENTS

**Current assets and liabilities** are considered at their net book value or their market value, depending on their nature (i.e. at nominal value, less any impairment, in the case of receivables, and at market value in the case of real estate or derivatives, with the exception of interest-rate swaps).

**Shares held in treasury** earmarked for sale upon the sale of purchase-type stock options are valued at the lower of the strike price of the options or the average price of the shares over the last 20 trading days. If these shares are meant to be canceled, net asset value per share is used as the valuation basis. Other shares held in treasury are valued by taking the average price over the last 20 trading days.

**The number of Wendel shares** is the total number of shares composing Wendel's shareholders' equity at the valuation date.

**New investments, unlisted subsidiaries and associates** are valued at cost for the 12 months following their acquisition. After this period, the company is valued on the basis outlined above.

The net asset value does not take into account any **control premium** or **illiquidity discount**. In addition, net asset value is calculated **prior to taking into account the tax impact of unrealized gains and losses**.

Some aspects of the method described above may be modified if such a change produces a more faithful valuation. Any such changes would be announced in a special statement.



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## **Condensed consolidated financial statements for the first half of 2010**

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Balance sheet - Consolidated financial position .....	22
Consolidated income statement .....	23
Statement of comprehensive income .....	24
Changes in shareholders' equity.....	25
Consolidated cash flow statement .....	26
A - Accounting principles .....	28
B - Changes in consolidation scope .....	30
C - Related parties .....	34
D - Risk management.....	35
E - Notes to the balance sheet.....	49
NOTE 1 - GOODWILL.....	49
NOTE 2 - EQUITY-METHOD INVESTMENTS .....	50
NOTE 3 - CASH AND CASH EQUIVALENTS .....	53
NOTE 4 - FINANCIAL ASSETS AND LIABILITIES (EXCL. FINANCIAL DEBT AND OPERATING PAYABLES) .....	53
NOTE 5 - SHAREHOLDERS' EQUITY .....	57
NOTE 6 - PROVISIONS.....	58
NOTE 7 - FINANCIAL DEBT .....	59
NOTE 8 - OFF-BALANCE-SHEET COMMITMENTS.....	62
F - NOTES TO THE INCOME STATEMENT .....	64
NOTE 9 - NET SALES.....	64
NOTE 10 - OTHER OPERATIONAL INCOME AND EXPENSES .....	64
NOTE 11 - FINANCE COSTS, NET.....	65
NOTE 12 - OTHER FINANCIAL INCOME AND EXPENSES .....	65
NOTE 13 - TAX EXPENSE .....	65
NOTE 14 - NET INCOME FROM EQUITY-METHOD INVESTMENTS .....	66
NOTE 15 - NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS OR OPERATIONS HELD FOR SALE .....	66
NOTE 16 - EARNINGS PER SHARE .....	67
G - NOTES ON CHANGES IN CASH POSITION .....	68
NOTE 17 - ACQUISITIONS OF INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT .....	68
NOTE 18 - ACQUISITION OF AND SUBSCRIPTION TO NON-CURRENT FINANCIAL ASSETS.....	68
NOTE 19 - DIVESTMENT OF NON-CURRENT FINANCIAL ASSETS (AT SALE PRICE) .....	69
NOTE 20 - IMPACT OF CHANGES IN CONSOLIDATION SCOPE AND OF OPERATIONS HELD FOR	

SALE .....	69
NOTE 21 - CHANGES IN OTHER FINANCIAL ASSETS AND LIABILITIES.....	69
NOTE 22 - DIVIDENDS RECEIVED FROM EQUITY-METHOD INVESTMENTS AND NON- CONSOLIDATED COMPANIES .....	69
NOTE 23 - NET CHANGE IN BORROWINGS AND OTHER FINANCIAL LIABILITIES.....	70
H – ADDITIONAL INFORMATION .....	71
NOTE 24 - SEGMENT INFORMATION.....	71
NOTE 25 – SUBSEQUENT EVENTS .....	76

**BALANCE SHEET - CONSOLIDATED FINANCIAL POSITION**

<b>in millions of euros</b>	<b>Note</b>	<b>6/30/2010</b>	<b>12/31/2009</b>
Goodwill, net	1	2,627.2	2,458.4
Intangible assets, net		1,527.0	1,439.5
Property, plant & equipment, net		984.7	847.1
Non-current financial assets	4	1,259.9	1,112.9
Equity-method investments	2	5,135.1	4,836.2
Deferred tax assets		124.6	134.7
<b>Total non-current assets</b>		<b>11,658.4</b>	<b>10,828.8</b>
<b>Assets and operations held for sale</b>		<b>5.1</b>	<b>0.0</b>
Inventories		417.8	302.5
Trade receivables		1,374.6	1,111.9
Other current assets		216.2	172.2
Current income tax assets		35.2	30.9
Other current financial assets	4	1,461.3	1,796.6
<b>Total current assets</b>		<b>3,505.1</b>	<b>3,414.1</b>
<b>Total assets</b>		<b>15,168.7</b>	<b>14,243.0</b>
Share capital		201.8	201.7
Share premiums		248.3	247.8
Retained earnings and other reserves		938.1	1,622.8
Net income for the period		124.5	-918.3
		1,512.8	1,154.1
Minority interests		507.4	426.5
<b>Total shareholders' equity</b>	5	<b>2,020.2</b>	<b>1,580.7</b>
Provisions	6	290.1	280.8
Financial debt	7	9,853.5	9,697.5
Other financial liabilities	4	349.5	149.3
Deferred tax liabilities		563.1	571.9
<b>Total non-current liabilities</b>		<b>11,056.3</b>	<b>10,699.4</b>
<b>Liabilities of operations held for sale</b>		<b>0.0</b>	<b>0.0</b>
Provisions	6	15.4	12.2
Financial debt	7	666.4	702.0
Other financial liabilities	4	46.1	67.4
Trade payables		573.5	472.0
Other current liabilities		707.4	649.6
Current income tax liabilities		83.5	59.7
<b>Total current liabilities</b>		<b>2,092.2</b>	<b>1,962.9</b>
<b>Total liabilities and shareholders' equity</b>		<b>15,168.7</b>	<b>14,243.0</b>

## CONSOLIDATED INCOME STATEMENT

in millions of euros	Note	H1 2010	H1 2009
Net sales	9	2,711.2	2,457.9
Other income from operations		4.3	5.6
Operating expenses		-2,383.4	-2,207.3
<b>Income from ordinary activities</b>		<b>332.1</b>	<b>256.3</b>
Other operating income and expenses	10	-24.8	46.9
<b>Operating income</b>		<b>307.3</b>	<b>303.2</b>
Income from cash and cash equivalents		5.3	18.8
Finance costs, gross		-276.0	-309.8
<i>Finance costs, net</i>	11	-270.8	-291.0
Other financial income and expenses	12	135.9	175.4
Tax expense	13	-62.4	-26.8
Net income (loss) from equity-method investments	14	89.4	-1,423.7
<b>Net income from continuing operations</b>		<b>199.4</b>	<b>-1,262.9</b>
Net income from discontinued operations and operations held for sale	15	0.0	361.7
<b>Net income (loss)</b>		<b>199.4</b>	<b>-901.3</b>
Net income - minority interests		74.9	58.6
<b>Net income - Group share</b>		<b>124.5</b>	<b>-959.8</b>
Basic earnings per share (in euros)	16	2.50	-19.11
Diluted earnings per share (in euros)	16	2.42	-19.14
Basic earnings per share from continuing operations (in euros)	16	2.50	-26.32
Diluted earnings per share from continuing operations (in euros)	16	2.42	-26.34
Basic earnings per share from discontinued operations (in euros)	16	0.00	7.20
Diluted earnings per share from discontinued operations (in euros)	16	0.00	7.20

## STATEMENT OF COMPREHENSIVE INCOME

in millions of euros	H1 2010			H1 2009		
	Gross amounts	Tax effect	Net amounts	Gross amounts	Tax effect	Net amounts
Translation reserves <sup>(1)</sup>	444.5	0.0	444.5	111.4	0.0	111.4
Actuarial gains and losses <sup>(2)</sup>	-81.7	26.5	-55.3	-49.9	14.3	-35.6
Gains and losses on assets available for sale	1.5	0.0	1.5	-2.9	0.0	-2.9
Gains and losses on qualified hedges	42.5	-5.7	36.8	-2.7	-5.4	-8.1
Earnings previously recognized in shareholders' equity taken to the income statement	0.0	0.0	0.0	-0.7	17.5	16.8
<b>Income and expenses recognized directly in shareholders' equity (A)</b>	<b>406.8</b>	<b>20.7</b>	<b>427.5</b>	<b>55.1</b>	<b>26.4</b>	<b>81.6</b>
Net income for the year (B)			199.4			-901.3
<b>Total income and expenses recognized for the period (A) + (B)</b>			<b>626.9</b>			<b>-819.6</b>
Attributable to:						
-Shareholders of Wendel			468.4			-880.0
-Minority interests			158.5			60.3

(1) includes €245.0 million related to Saint-Gobain (€69.1 million in H1 2009), €34.8 million related to Legrand and €134.8 million related to Bureau Veritas.

(2) includes €-78.3 million related to Saint-Gobain, before tax (€-48.1 million in H1 2009).



## CHANGES IN SHAREHOLDERS' EQUITY

in millions of euros	Number of shares out-standing	Share capital	Share pre-miums	Trea-sury shares	Retained earnings and other reserves	Trans-lation adjust-ments	Group share	Minority interests	Total share-holders' equity
<b>Balance at December 31, 2008</b>	<b>50,223,764</b>	<b>201.5</b>	<b>246.9</b>	<b>-12.0</b>	<b>1,993.2</b>	<b>-395.7</b>	<b>2,033.8</b>	<b>283.7</b>	<b>2,317.6</b>
Income and expenses recognized directly in shareholders' equity (A)					-89.2	197.5	108.3	19.0	127.3
Net income for the period (B)					-918.3		-918.3	109.4	-808.8
Total income and expenses recognized during the period (A)+(B) (2)					-1,007.5	197.5	-809.9	128.4	-681.5
Dividends paid (1)					-50.2		-50.2	-48.8	-99.0
Treasury shares	-428,169			-17.3			-17.3		-17.3
Issuance of shares									
exercise of stock options									
company savings plan	69,575	0.3	0.9				1.2		1.2
other									
Share-based compensation: stock options (incl. equity-method investments)					14.7		14.7	3.5	18.1
Changes in the scope of consolidation								56.4	56.4
Other					-18.1		-18.1	3.5	-14.8
<b>Balance at December 31, 2009</b>	<b>49,865,170</b>	<b>201.7</b>	<b>247.8</b>	<b>-29.3</b>	<b>932.0</b>	<b>-198.1</b>	<b>1,154.1</b>	<b>426.5</b>	<b>1,580.7</b>
Income and expenses recognized directly in shareholders' equity (A)					-24.8	368.7	343.9	83.6	427.5
Net income for the period (B)					124.5		124.5	74.9	199.4
Total income and expenses recognized during the period (A)+(B) (2)					99.7	368.7	468.4	158.5	626.9
Dividends paid (1)					-49.7		-49.7	-51.3	-101.0
Treasury shares	-230,241			-10.3			-10.3		-10.3
Cancellation of treasury shares									
Issuance of shares									
exercise of stock options									
company savings plan	17,718	0.1	0.5				0.6		0.6
other									
Share-based compensation: stock options (incl. equity-method investments)					10.2		10.2	2.0	12.2
Changes in the scope of consolidation					-11.2		-11.2	-32.6	-43.8
Other				5.6	-55.0		-49.4	4.4	-45.1
<b>Balance at June 30, 2010</b>	<b>49,652,647</b>	<b>201.8</b>	<b>248.3</b>	<b>-34.0</b>	<b>926.0</b>	<b>170.5</b>	<b>1,512.8</b>	<b>507.4</b>	<b>2,020.2</b>

(1) Net dividends paid: €1.00 per share in 2010 and 2009

(2) See "Statement of comprehensive income".

## CONSOLIDATED CASH FLOW STATEMENT

in millions of euros	Note	H1 2010	H1 2009
<b>Cash flows from operating activities</b>			
Net income (loss)		199.4	-901.3
Share of net income from equity-method investments		-89.4	1,423.7
Net income from discontinued operations and operations held for sale		0.0	-361.7
Depreciation, amortization, provisions, and other non-cash items		128.9	189.6
Non-cash income and expense related to stock options and similar items		6.0	2.3
Expenses on investments and asset disposals		2.1	0.3
Gains (losses) on disposal of assets		2.7	-121.5
Financial income and expenses		134.9	115.7
Taxes (current and deferred)		62.4	26.8
Cash flow from consolidated companies before tax		447.0	373.9
Change in working capital requirement related to operating activities		-149.8	-25.1
<b>Net cash flows from operating activities, excl. tax</b>		<b>297.2</b>	<b>348.8</b>
<b>Cash flows from investing activities, excl. tax</b>			
Acquisitions of intangible assets and property, plant & equipment	17	-74.9	-57.3
Disposals of intangible assets and property, plant & equipment		1.3	5.6
Acquisition of equity investments	18	-72.4	-149.6
Disposal of equity investments	19	6.7	853.8
Impact of changes in consolidation scope and of operations held for sale	20	14.6	-123.6
Changes in other financial assets and liabilities and misc.	21	-336.3	69.0
Dividends received from equity-method investments and non-consolidated companies	22	46.1	57.9
Change in working capital requirements related to investing activities		-13.7	-16.8
<b>Net cash flows from investing activities, excl. tax</b>		<b>-428.7</b>	<b>639.0</b>
<b>Cash flows from financing activities, excl. tax</b>			
Proceeds from issuance of shares		0.6	0.0
Contribution of minority shareholders		1.4	2.4
Share buybacks		-11.1	2.5
Dividend paid by the parent company		-49.7	-50.2
Dividend paid to minority shareholders		-51.5	-43.5
New borrowings	23	272.0	313.7
Repayment of borrowings	23	-555.0	-763.2
Finance costs, net		-256.5	-281.8
Other financial income (expenses)		-12.5	-2.9
Change in working capital requirement related to financing activities		50.6	23.9
<b>Net cash flows from financing activities, excl. tax</b>		<b>-611.9</b>	<b>-799.1</b>
<b>Cash flows related to taxes</b>			
Current tax		-95.9	-69.1
Change in tax assets and liabilities (excl. deferred taxes)		19.1	23.2
<b>Net cash flows related to taxes</b>		<b>-76.8</b>	<b>-45.9</b>
Effect of currency fluctuations		33.3	-3.5
Net change in cash and cash equivalents		-786.9	139.3
Cash and cash equivalents at the beginning of the period		2,441.1	2,728.1
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>1,654.2</b>	<b>2,867.4</b>

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

Details on the cash and cash equivalents account and how it is classified on the consolidated balance sheet are provided in Note 3. At June 30, 2010, cash and cash equivalents were composed of €667 million in pledged cash recognized under non-current financial assets and €987 million in unpledged cash recognized under current financial assets.

Wendel is a société anonyme (public limited company) with an Executive Board and a Supervisory Board. It is governed by French law and has the Paris commercial registry number 572 174 035. Its head office is located at 89 rue Taitbout, Paris, France. Its business consists in investing for the long term in industrial and service companies to accelerate their growth and expansion.

Wendel's condensed first-half consolidated financial statements cover the six-month period from January 1, 2010 to June 30, 2010. All amounts are in millions of euros. They include:

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

These financial statements were approved by Wendel's Executive Board on August 26, 2010.

## **A - ACCOUNTING PRINCIPLES**

This set of consolidated financial statements for the first half of 2010 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 2009 fiscal year included in the Reference Document filed with the AMF on April 13, 2010 under number D10-0257.

These accounting principles are consistent with those used in preparing the consolidated financial statements for the fiscal year ended December 31, 2009, with the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2010. They correspond to the IFRSs as adopted by the European Union, which are available on the website of the European Commission: ([http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)).

The following standards and interpretations became applicable to the Wendel group on January 1, 2010:

- IFRS 3 Revised "Business combinations" and IAS 27 Revised "Consolidated and separate financial statements". These standards have been applied prospectively. The transactions to which these two standards apply were carried out during H1 2010 and their impact on the consolidated H1 2010 statements is detailed in Note B.

- The other standards, amendments and interpretations applicable from January 1, 2010 did not have a significant impact on the condensed consolidated financial statements for the first half of 2010.

Wendel did not opt for early adoption of the new standards, amendments to existing standards and interpretations that were not mandatory for 2010.

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

## **Impact of new standards on the Group's accounting principles.**

Business combinations: assumption of control through acquisition; loss of control through partial sale  
IFRS 3 and IAS 27 Revised, applicable since January 1, 2010, have a significant impact on the accounting for transactions leading to the assumption of control or partial sales leading to the loss of control. Specifically:

- ancillary transactions costs are recognized in the operating income for the period; price adjustments are initially recognized at their fair value, and their future fluctuations in value are recognized in operating income.
- when control is assumed (or lost) the percentage previously held (or remaining) is revalued at fair value and recognized in profit or loss.
- when control is assumed, minority interests are recognized either in proportion to their share in the fair value of the assets and liabilities of the acquired entity, or at their fair value. A proportion of goodwill is also allocated to minority interests at that time. This choice is made individually for each acquisition.
- minority interest can now become negative because the net income or loss of a subsidiary is now allocated between the Group share and the minority interests' share, according to their respective holdings.

Transactions on the shares of companies already controlled: acquisition or sale of shares without assumption or loss of control

Purchases and sales of shares in controlled companies that do not lead to the assumption or loss of control are recognized as transfers between the Group share of consolidated shareholders' equity and the share held by third parties. There is no impact on profit or loss.

Put options granted to minority shareholders of consolidated subsidiaries

When Wendel grants put options to minority shareholders of its consolidated subsidiaries, it recognizes a financial obligation equal to the estimated exercise price of the option.

As of June 30, 2010, in the absence of specific IFRS instructions, the offset to this amount is:

- firstly, elimination of the carrying value of the corresponding minority interests;
- secondly, a reduction in the Group share of shareholders' equity as follows: the difference between the estimated exercise price of the options granted and the carrying value of the minority interests reduces the Group share of consolidated reserves. This item is adjusted at the end of each period based on the change in the estimated exercise price of the options and in the carrying value of the minority interests. These entries have no impact on the consolidated income statement, unless future standards or interpretations require a different treatment.

## B - CHANGES IN CONSOLIDATION SCOPE

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

As of June 30, 2010, Wendel owned 93.0 million shares, representing 17.67% of Saint-Gobain, vs. 17.66% at December 31, 2009 (net of treasury shares). The slight change in ownership interest was caused essentially by two transactions carried out on the share capital of Saint-Gobain:

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

The rights issue reserved for employees under the Company savings plan diluted Wendel's investment in Saint-Gobain by around 0.2% (calculated net of treasury shares).

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

Shareholders had the option of receiving the dividend paid in 2010 in shares or in cash (€1.00 per share). Shareholders elected to receive approximately 72% of their dividends in shares. Wendel opted for the dividend in shares and received 3.1 million Saint-Gobain shares in payment of the €89.8 million dividend to which it was entitled. This brought the number of shares Wendel held to 93 million. There was no strategic intention associated with this increase.

The capital increase resulting from the payment of share dividends increased Wendel's ownership interest in Saint-Gobain by around 0.2% (calculated net of treasury shares).

The accounting impact of the net change in ownership interest was a negative €0.2 million, recognized in the income statement under the line item "Net income (loss) from equity-method investments".

### *Helikos IPO*

Helikos is a special purpose acquisition company (SPAC). It is a European company registered in Luxembourg and has been listed on the Frankfurt stock exchange since February 4, 2010. Its exclusive purpose is to invest in an unlisted German "Mittelstand" company within two years following its initial public offering. A six-month extension is possible at the end of this period if discussions are underway with a company. It has €200 million to invest in the capital of a company with an enterprise value between €300 million and €1 billion.

Wendel is the project's principal sponsor. In this capacity it will help Helikos identify a company, carry out due diligence, negotiate and effect the transaction.

Helikos has issued two categories of financial instruments:

Shares and "public" warrants (listed on the Frankfurt stock exchange): Helikos raised €200 million to finance its acquisition through the issuance of these shares. The proceeds have been placed in an escrow account. When a proposed acquisition is presented to shareholders, the "public" shareholders may withdraw from the SPAC by requesting that their investment be returned to them. Their withdrawal is effective if the proposed acquisition is approved. For a proposed acquisition to be approved, the proposal must be approved by a majority of the "public" shareholders and the proportion of "public" shareholders requesting a return of their investment must be less than 35%. If Helikos does not make an acquisition within two years, the cash will be returned to the "public" shareholders after a vote to dissolve the company.

Helikos has recognized the "public" shares as shareholders' equity.

Helikos has recognized the "public" warrants as financial liabilities. They carry an exercise price of €9 and a lifetime of five years. If holders exercise them, they will not pay the exercise price in cash, but will receive one "public" share in return for a number of warrants whose intrinsic value corresponds to the exercise price. Wendel holds 6.75% of the "public" shares and warrants.

Sponsors' shares and warrants: These instruments are 88%-held by the Wendel group, 6%-held by Roland Lienau, CEO of Helikos and also Managing Director of Wendel, and 6%-held by Pr Hermann Simon, a German partner. By issuing these instruments to the sponsors, Helikos raised €10 million to finance its IPO expenses, operating expenses and the costs involved in searching for a company to acquire. These instruments are not listed. In the event Helikos is liquidated, these instruments will not give any rights to Helikos' cash. The sponsors' shares and warrants are recognized as shareholders' equity in Helikos' books. The sponsors' shares will be converted into "public" shares as follows: one-third when the acquisition takes place, another third when the quoted share price of the "public" shares rises above €11 and the final third when the quoted share price of the "public" shares rises above €12. Wendel can thus hold up to 26% of Helikos' capital ("public" shares) after the acquisition if

all of the sponsors' shares are converted (excl. exercise of the warrants), including the "public" shares it already holds (6.75%).

The sponsors' warrants are identical to the "public" warrants, except that the sponsors can also pay the exercise price in cash to receive the shares.

By virtue of Wendel's role and its representation on Helikos' board of directors (2 out of 7 members), Wendel has significant influence over Helikos. As a result, Helikos has been accounted for by the equity method since its IPO, as this is when Wendel obtained significant influence. Wendel recognizes the "public" warrants it holds as current financial assets. Changes in the fair value of these warrants are recognized in the income statement.

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

- a pro rata share of Helikos' expenses (IPO, operations and acquisition target search) and ongoing working capital requirements, based on Wendel's proportion of the sponsors' shares (88%), and
- a pro rata share of the cash held in escrow, based on Wendel's proportion of the "public" shares (6.75%).

*Stahl (high-performance coatings and leather finishing products): financial restructuring finalized and Wendel takes control*

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

On February 26, 2010, Wendel successfully completed the renegotiation of Stahl's debt with the unanimous support of senior, second lien and mezzanine lenders. In accordance with the proposal presented to lenders in the fourth quarter of 2009, Wendel invested €60 million (composed of €0.1 million in the capital instruments and €59.9 million in the form of shareholder loans) and took exclusive control of Stahl. Since this financial restructuring, Stahl has therefore been fully consolidated (four months in H1 2010).

	Contribution to H1 2010 earnings (4 mos.)	H1 2010
Net sales	€122.4 million	€168.5 million
Adjusted operating income <sup>(1)</sup>	€20.8 million	€27.6 million

(1) see Note 24 "Segment information"

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

- Wendel's €60 million cash contribution enabled Stahl to buy back discounted senior bank debt.
- The subordinated lenders (mezzanine and second lien) forfeited their claims (€99 million) in return for a 6.1% stake in Stahl (capital and shareholder loans) and a right to capital gains. This right is exercisable only in the event Wendel withdraws, fully or partially, from the capital of the company. This right is exercisable if Wendel's overall return is greater than 2.5-fold and is equal to 1-2 free shares per share held by these former subordinated lenders. In line with accounting standards, this commitment has not been recognized, because the exercise of this right is predicated on Wendel's withdrawal from Stahl's capital. In addition, Wendel has made a commitment to repurchase the stake held by these shareholders (excl. the right to capital gains). One-third of this commitment can be called in 2015, one-third in 2016 and one-third in 2017. The repurchase price is one-half the market value. Wendel has recognized a financial liability for the amount of this commitment, offset by entries to the negative reserves of these minority interests, with any remaining amount taken to the Group share of reserves. At each closing date, this financial liability will be revalued against reserves according to the same rule, unless future standards or interpretations require a different treatment.

As of June 30, 2010, Wendel held 93.9% of Stahl's shares and shareholder loans.



Goodwill was determined at the time Wendel took control:

**In millions of euros**

Book value after restructuring (net of shareholder loan)	67.8
Revaluation of intangible assets and cancellation of goodwill	-128.8
Revaluation of property, plant & equipment	15.9
Revaluation of inventories	10.3
Other identifiable assets and liabilities	8.8
<b>Revalued book value</b>	<b>-26.0</b>
Wendel's investment in equity instruments	0.1
Transfer of 6.1% of shareholder loans to former subordinated lenders	3.7
<b>Goodwill</b>	<b>29.8</b>

In accordance with IFRS, the revaluation of identifiable assets, liabilities and contingent liabilities and the calculation of goodwill will be completed within 12 months after taking control of the company.

As part of this financial restructuring, the managers of Stahl were also invited to participate in the investment. This transaction took place early in the second half of 2010 and was therefore not recognized in the H1 2010 financial statements. To carry out the investment, the managers acquired from Wendel 2.1% of the capital, 0.7% of the shareholder loans and a right to capital gains. This right is exercisable in the event Wendel withdraws from the capital fully or partially, or in thirds after 2014, 2015 and 2016. In line with Wendel's policy, this right to capital gains may be exercised only if Wendel receives a minimum average annual return on its entire investment in Stahl.

Following the managers' investment, Wendel's percentage ownership in Stahl will be 91.9%.

**Changes in consolidation scope at the level of subsidiaries and associates**

*Acquisitions by the Bureau Veritas group (certification and verification)*

During the first half of 2010, Bureau Veritas acquired Advanced Coal Technology, a South African company, and SMSI in the United States. Advanced Coal Technology is specialized in coal analysis and achieved 2009 sales of ZAR78 million. SMSI is active in elevator inspection in the United States.

On June 22, 2010, Bureau Veritas announced it had signed an agreement to acquire 100% of the shares of Inspectorate. The transaction is scheduled to close in the third quarter of 2010 as soon as approval is obtained from competition authorities.

Inspectorate's business is articulated around three market segments in which the company holds world-leadership positions: petroleum and petrochemical products, metals and minerals, agricultural products and other goods. In 2009, Inspectorate achieved sales of GBP246 million. The acquisition will total GBP450 million (including debt) and will be paid at closing. It will be financed by existing lines of credit and new facilities negotiated by Bureau Veritas. Expenses incurred up to June 30, 2010 totaled €2.5 million and were recognized as operating expenses.

*Acquisitions of the Deutsch group (high-performance connectors)*

During the first half of 2010 Deutsch acquired the minority interests in LADD for USD40 million. A Deutsch subsidiary, LADD is the exclusive US distributor of Deutsch's industrial division products. As a result, its stake in LADD rose from 60% to 100%.

The impact of this transaction was recognized in shareholders' equity, in accordance with IFRS.

**C - RELATED PARTIES**

There were no significant changes during the period in transactions with related parties as detailed in Note D to the 2009 consolidated financial statements.

## D - RISK MANAGEMENT

### **Managing equity market risk**

#### *Value of subsidiaries and associates*

Group assets are mainly investments in which Wendel is the main or controlling shareholder. Some are listed (Saint-Gobain, Bureau Veritas, Legrand and Stallergenes) and others are unlisted (Materis, Deutsch, Stahl). The Group also holds investments as a minority shareholder, but these are not material: (VGG/AVR, Helikos, etc.).

These assets are actively managed, through constant monitoring of the performance of each company. Growth in Wendel's net asset value (see description in the financial report) depends on the capacity of its managers to select, purchase, develop and then resell companies able to distinguish themselves as leaders in their sectors. Operational and financial performance of these companies is monitored and analyzed at regular meetings held with each company's management. Sharing information with management creates genuine sector expertise and makes it possible to supplement these in-depth discussions with regular forward-looking analyses. This regular review also enables Wendel to anticipate developments in each subsidiary or associated company and play its role of strategic shareholder.

Wendel's company-specific approach is supplemented at the Group level by an overall analysis of the breakdown of Wendel's subsidiaries and associates by industrial sector, in an effort to ensure sufficient asset diversification, not only geographically, but also from the point of view of their competitive positioning and their resilience to economic hardship.

Nevertheless, there is a risk that the economic results of the subsidiaries and associates will not be in line with Wendel's expectations. This risk is significant in today's highly volatile financial markets and in the wake of the global recession, which has generated much uncertainty about economic trends.

#### *Derivatives*

Wendel may use equity or index derivatives to hedge its asset portfolio.

In an effort to hedge part of the Saint-Gobain shares it holds against a decline in the share price, Wendel has purchased put options on Saint-Gobain shares. This protection (long position) frees Wendel from collateral calls on part of the financing for the Saint-Gobain investment (see section entitled "Liquidity - bank covenants" with regard to the Eufor group). In addition, Wendel wrote puts with features similar to certain purchased puts. The combination of these two positions constitutes a net protection on the value of a portion of the Saint-Gobain shares Wendel holds. At the end of 2009, some of these puts (long position) were sold. As a result, the proportion of Saint-Gobain shares held that were exposed to fluctuations in the share price (shares less net protection) rose from around 64% to around 75% at December 31, 2009. In the first half of 2010, Wendel sold some of these puts (long position), thereby increasing its exposure to fluctuations in Saint-Gobain's share price to 81% at June 30, 2010 (see Note 4.D "Derivatives").

### *Financial investments*

As part of its cash management (see paragraph entitled "Managing liquidity risk"), Wendel uses liquid financial investments of which a small portion is indexed on the equity markets (equity funds).

### *Risks related to "equity" markets*

Equity market risks relate to:

- Consolidated and equity-method securities, whose recoverable values used for impairment tests are based on market parameters, including the discount rate used in calculating "value in use" or the market price used in calculating "fair value";
- puts on Saint-Gobain shares, which are recognized at their fair value on the balance sheet. When Saint-Gobain's share price declines, the value of the net protection increases, generating a gain in the income statement and vice-versa. As an indication, at June 30, 2010, a +/-5% variation in the price of Saint-Gobain shares (the underlying for these financial instruments) would have had an impact of +/- €28 million on the income statement (see Note 4.D "Derivatives");
- short-term financial assets indexed on the equity markets whose total value at June 30, 2010 was €45 million. These investments were classified as current financial assets at fair value through profit or loss. Given the amount of these investments, fluctuations in the equity markets would have had a limited impact on Wendel's net income. Specifically, a +/-5% variation in the equity markets would have had an impact of around +/- €2 million on the income statement
- collateral calls on Eufor group financing. These depend on the price of the shares serving as collateral. Collateral calls are described in the note on managing the liquidity risk related to the financing of the Eufor group.

millions of euros	Gross carrying value, Group share	Accumulated impairment, Group share	Net carrying value, Group share	Market value (closing share price)	Impact on market value of a 5% decline in share prices	Note	Impact on net income		
							change of +/-5% in share price	change of +/-0.5% in discount rate applied to the value of discounted future cash flows	change of +/-0.5% in perpetual growth rate used to calculate discounted future cash flows
<b>Equity-method investments</b>									
Saint-Gobain	5,030.6	-421.8	4,608.8	2,871.8	-143.6	<b>2</b>	na (1)	+ 422 / -516	+422 / -377
Legrand	505.5	0.0	505.5	1,603.5	-80.2	<b>2</b>	0.0	na (4)	na (4)
<b>Consolidated investments</b>									
Bureau Veritas	936.9	na (3)	936.9	2,505.6	-125.3	<b>1</b>	0.0	na (4)	na (4)
Materis	-52.6	na (3)	-52.6	na	na	<b>1</b>	na		
Materis shareholder loan (2)	183.4	0.0	<u>183.4</u>					0 / 0	0 / 0
			130.8						
Deutsch	-103.0	na (3)	-103.0	na	na	<b>1</b>	na		
Deutsch shareholder loan (2)	327.9	0.0	<u>327.9</u>					0 / 0	0 / 0
			224.9						
Stahl	-6.7	na (3)	-6.7	na	na	<b>1</b>	na		
Stahl shareholder loan (2)	57.9	0.0	<u>57.9</u>					0 / 0	0 / 0
			51.2						
Stallergenes	54.1	na (3)	54.1	316.1	-15.8	<b>1</b>	0.0	na (4)	na (4)
<b>Financial instruments</b>									
Net protection on Saint-Gobain (puts)	330.2	na	330.2	330.2	+28	<b>4</b>	-/+28	na	na
<b>Financial investments</b>									
Short-term financial investments indexed on the equity markets	45.0	na	45.0	45.0	-2.3		+/-2.3	na	na

(1) The impairment test is based on the value in use (discounted future cash flows). See Note 2 - "Equity-method investments".

(2) Eliminated in consolidation.

(3) Impairment losses on goodwill are irreversible.

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

## **Managing liquidity risk**

### *Wendel*

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

### Managing financial maturities

Wendel's objective is to align the maturities of its bond issues and Eufor group financing (Saint-Gobain investment) with its long-term investment objectives. In this way, Wendel secures medium to long-term financing and extends existing maturities when market conditions permit and Wendel management deems it necessary to do so.

### Cash position

Every month cash investments (including short-term financial investments) are displayed on a chart showing the changes during the month and the month-end position. The chart also shows a breakdown between pledged and unpledged cash, the detail of the various cash and short-term financial investment vehicles used, as well as counterparty information. A chart indicating the expected cash flows over the months and years to come is also prepared and is used to determine when financing needs will arise under various scenarios.

### Impact of collateral calls on available cash

Wendel uses simulations of collateral calls on Eufor financing to analyze the impact of a change in Saint-Gobain's share price on Wendel's liquidity. These simulations are based on changes in the share price of Saint-Gobain and other listed shares given as collateral, coupled with projections of Wendel's cash flow.

### Cash investment vehicles

Cash investment vehicles consist primarily of short-term bank deposits and low-volatility, money-market mutual funds ("Cash and cash equivalents"), as well as short-term bonds, funds managed by financial institutions, and equity and diversified funds (classified in "Other financial assets"). These investments are valued daily (or in some cases weekly). Amounts allocated to more volatile funds, potentially generating higher returns, represent an insignificant portion of invested cash and short-term financial investments. Changes in the net asset value of these more volatile funds are tracked on a weekly basis in a formal manner. In choosing the various types of investments, Wendel takes into account the compatibility of their term with its debt repayment obligations and those of its holding companies. A breakdown of cash and short-term financial investments is presented below under "Liquidity" - "Wendel".

### *Operating subsidiaries*

Subsidiary debt is without recourse to Wendel. The management of each operating subsidiary is responsible for cash, debt and liquidity risk of that entity. Cash and debt levels are reported regularly to Wendel. Forecasts of bank covenant compliance for the coming year and over the lifetime of the business plan are prepared several times a year and any time an event occurs that could have a material impact on the covenants. These forecasts and calculations of covenant compliance are reported regularly to Wendel.

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## **Liquidity - bank covenants**

### *Wendel*

As of June 30, 2010, cash held by Wendel and its holding companies (excl. operating subsidiaries) was as follows:

<i>(millions of euros)</i>	<b>Available</b>	<b>Pledged</b>	<b>Total</b>
Mutual funds <sup>(1)</sup>	597	20	617
Bank accounts and bank certificates of deposit <sup>(1)</sup>	18	647	665
Bonds issued by industrial or service companies coming due in the short term <sup>(2)</sup>	46	0	46
Diversified, equity and bond funds <sup>(2)</sup>	107	0	107
Funds managed by financial institutions <sup>(2)</sup>	241	0	241
<b>Total</b>	<b>1,009</b>	<b>667<sup>(3)</sup></b>	<b>1,676</b>

*(1) classified in cash and cash equivalents*

*(2) classified in current financial assets*

*(3) includes €648 million granted as collateral as part of the Eufor group financing arrangements (Saint-Gobain investment structure).*

As of June 30, 2010, gross debt with recourse to Wendel included €2,587.5 million in Wendel bonds. The first repayment date is in February 2011, when €387.5 million will come due. The other bond repayment dates extend from 2014 to 2017 (see detail in Note 7 "Financial debt"). In accordance with Wendel's long-term investment strategy, the average maturity of this debt as of June 30, 2010 was 4.9 years (5.7 years excluding bonds due in 2011).

Wendel also has a €1.2 billion undrawn line of credit, with a maturity of September 2013.

On July 19, 2010, Standard & Poor's lowered its long-term rating for Wendel from BB with a negative outlook to BB- with a stable outlook. The short-term rating was confirmed at B.

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

- operating subsidiaries: Wendel has no legal obligation to support operating subsidiaries that might experience cash flow difficulties. Similarly, the operating subsidiaries have no mutual support obligation. As a result, Wendel's liquidity is affected only if Wendel decides to contribute cash to an operating subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel's own liquidity, additional investment in other subsidiaries and new investments.

As part of negotiations between operating subsidiaries and their bank lenders in the first half of 2010, Wendel agreed to make the following investments:

■ Stahl (see paragraphs entitled "Changes in consolidation scope" and "Liquidity" with regard to Stahl): as part of Stahl's financial restructuring, Wendel invested €60 million in this subsidiary in the first quarter of 2010.

■ Deutsch (see "Liquidity" with regard to Deutsch): as part of the agreement between Deutsch and its bank creditors in April 2010, Wendel and the Painvin family (co-shareholder) agreed to invest €27 million and €3 million in cash, respectively, in Deutsch to strengthen its financial structure. This investment was accompanied by an additional investment of €37 million on the part of Wendel and €4 million on the part of the Painvin family, intended to finance the repurchase of minority interests (40%) in LADD, exclusive distributor of the products of Deutsch's industrial division in the United States.

- Eufor group (Saint-Gobain investment structure): Wendel responds to the collateral calls on the financing for this group, which therefore have a direct impact on Wendel's liquidity. However, Wendel can choose not to respond to them. In this case, the related financing would be in default and the collateral already provided would be taken by the bank, but the bank would have no further recourse to Wendel (collateral call mechanisms and security granted as of June 30, 2010 are described in the paragraph entitled "Liquidity of Eufor group"). Only one of these financing arrangements has a demand guarantee associated with it: €232.6 million granted by Wendel. This guarantee can be used by the bank in the event of default. It covers 25% of the difference between the gross amount of the guaranteed financing and the amount of cash pledged as collateral as of the date of default.

Wendel's liquidity risk in 2010 is therefore low, owing to Wendel's available cash and short-term financial investments (€1,009 million as of June 30, 2010; see table above). Over the next 12 months, this level of liquidity will enable Wendel to meet its cash needs, finance any Eufor group collateral calls related to a sharp decline in the financial markets and honor the forthcoming maturity dates of Wendel and its holding companies.



### Bonds issued by Wendel

Bond issues have a change-of-control clause that allows bondholders, under certain conditions, to obtain reimbursement or repurchase of their bonds in the event of a change in control of the issuer, in accordance with standard practice in the bond market. Change of control is understood to be the ownership by one or more persons, acting on their own or jointly, other than existing shareholders of the issuer, excluding free float, of 50% of the issuer's share capital and voting rights, provided this change of control leads to a rating downgrade of the issuer. These bonds are not subject to financial covenants.

### Wendel syndicated credit line (undrawn as of June 30, 2010)

Wendel also has a €1,200 million undrawn syndicated line of credit, with a maturity of September 2013. The facility has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of net debt. As such, the covenants are sensitive to changes in the equity markets.

This net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions.

Net debt of the Saint-Gobain, Bureau Veritas, Materis, Deutsch, Legrand, Stallergenes and Stahl groups, as well as the debt related to the acquisition of Saint-Gobain shares, without recourse to Wendel, are deducted from gross revalued assets. The covenants are as follows:

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

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

to

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

shall not exceed 1.

These ratios are tested half-yearly when there are drawdowns under the syndicated credit line. At June 30, 2010 Wendel was in compliance with all covenants. Wendel can therefore use this line of credit. As of June 30, 2010 and the date the financial statements were approved, Wendel's cash and short-term financial investments allowed it to forego drawing down this short-term credit.

The documentation of the syndicated credit line includes a change-of-control clause similar to that for bond issues.

#### *Financing for the Saint-Gobain investment (Eufor group)*

As of June 30, 2010, Eufor's gross debt totaled €4,260.6 million and broke down as follows:

- €2,985.6 million in gross debt subject to collateral calls in the form of cash and/or listed shares (Bureau Veritas and Legrand); and
- €1,275.0 million in gross debt not subject to collateral calls.

#### Financing subject to collateral calls: €2,985.6 million

The value of collateral given by Eufor (i.e. financed Saint-Gobain shares, listed Bureau Veritas and Legrand shares and cash) must remain at the level required under bank agreement covenants, based in turn on the amount of debt. In the event of a decline in this value, the bank demands further collateral; in the event of an increase, a portion of the collateral is freed up. As Wendel finances these collateral calls, its liquidity is impacted by a decline in the price of shares given as collateral for this financing.

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

As of June 30, 2010 the collateral already provided was comprised of the financed Saint-Gobain shares, €625 million in cash and €2,075 million in listed shares (Bureau Veritas and Legrand at their closing prices). Wendel also granted a demand guarantee of €232.6 million when these financing arrangements were put in place. It can be applied to cover up to 25% of the difference between the gross amount of the guaranteed financing and the amount of cash pledged as collateral as of the date of default.

As of June 30, 2010 Wendel had €1,009 million in available cash and short-term financial investments and €2,034 million in unpledged Legrand and Bureau Veritas shares (valued at their closing prices), which would enable it to meet additional collateral calls should financial markets fall.

At June 30, 2010, the average maturity of these financing arrangements was four years (see detail in Note 7 "Financial debt").

#### Financing not subject to collateral calls: €1,275.0 million

The shares financed by the debt not subject to collateral calls and the long position on Saint-Gobain puts (see Note 4 "Financial instruments") are pledged as collateral for this financing.

In the event the pledged protection and/or shares are sold, an equivalent amount of the debt must be repaid. The same is true in the event the puts are exercised.

In addition, initial collateral of €23 million was granted in the form of cash. This financing matures between September 2011 and March 2012.

As such, all cash pledged as collateral under the Eufor group financing totaled €648 million as of June 30, 2010. Shares pledged as collateral in response to collateral calls (Bureau Veritas and Legrand, valued at their closing prices) totaled €2,075 million. The value of financed and pledged Saint-Gobain shares (67.9 million shares out of a total of 93 million shares held at June 30, 2010) totaled €2,098 million (valuation at closing price).

The Eufor group also has two undrawn lines of credit totaling €900 million available for the financing or refinancing of Saint-Gobain shares. These lines of credit can be used to refinance existing Eufor debt, to finance the acquisition of new Saint-Gobain shares or to finance unpledged Saint-Gobain shares not already linked to a financing arrangement (25.1 million shares) (see Note 7 "Financial debt").

### *Bureau Veritas financial debt*

The gross face value of Bureau Veritas' bank debt was €944 million (including accrued interest and excluding deferred issuance costs). See detail of maturity dates in Note 7 "Financial debt". This debt is without recourse to Wendel. Cash totaled €169 million as of June 30, 2010.

The bank debt is subject to certain commitments and financial ratios:

- the interest cover ratio must be greater than 5.5. The interest cover ratio is equal to consolidated EBITDA (earnings before interest, tax, depreciation and amortization), adjusted for any acquired entities, divided by net interest expense of Bureau Veritas.
- the leverage ratio must be less than 3. The leverage ratio is defined as consolidated net debt divided by LTM consolidated EBITDA adjusted for any acquired entity.

As of June 30, 2010 Bureau Veritas was in compliance with all of these commitments.

The bank loan agreements also contain default clauses. They include the usual clauses for this type of financing, specifically clauses restricting Bureau Veritas' ability to grant security interests on its assets, to merge with another company, restructure or obtain borrowings outside of the bank debt. The agreements contain accelerated maturity clauses, in part or in full, in particular in the event Bureau Veritas should fail to make a payment due under the bank loan agreements or not adhere to the financial ratios detailed above, or if other events that could have a significant unfavorable impact on the payment obligations of the Bureau Veritas borrowing entities should occur. The agreements also stipulate that the €550 million made available under the revolving credit can be used for acquisitions only under certain conditions. All of the bank debt becomes immediately due and payable in the event of:

- a change of control, should a third party, acting alone or in concert, obtain, either directly or indirectly, more than a third of the voting rights and more voting rights than the current main shareholder (Wendel group)
- sale of all or a substantial part of the assets of Bureau Veritas; or
- failure to adhere to the obligations imposed by bank loan agreements, in particular those related to certain ratios detailed above.

The characteristics of the private placement (USPP) are identical to those of the bank debt, with the exception of the leverage ratio, which must remain below 3.25.

#### *Materis bank debt*

The gross face value of Materis' bank debt was €1,910 million (including accrued interest and excluding issue costs and shareholder loans). See detail of maturity dates in Note 7 "Financial debt". This debt is without recourse to Wendel. Cash totaled €78 million as of June 30, 2010.

As of June 30, 2010 the Materis group was subject to the following covenants:

- LTM EBITDA (Last Twelve Months Operational income) divided by net interest expense, must be greater than 1.65 as of June 30, 2010. The minimum rises to 3.20 at June 30, 2015. This ratio is calculated on a rolling 12-month basis.
- the ratio of consolidated net debt (excluding shareholders loans) to LTM EBITDA must be below 9.90 as of June 30, 2010. This ceiling falls to 4.92 at December 31, 2016;
- the ratio of cash flow after capex and dividends, plus up to €35 million in available cash, to total debt service, i.e. cash interest payable plus scheduled principal repayment, must be greater than 1. This ratio is calculated on a rolling 12-month basis.

These covenants are tested quarterly. As of June 30, 2010, Materis was in compliance with them.

In 2010, capex must not exceed €75 million plus 4.5% of the sales of any companies acquired in the interim. Between 2011 and 2016, they must not exceed 4.5% of consolidated sales, adjusted for any postponed capex.

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

#### *Deutsch bank debt*

The gross face value of Deutsch's bank debt was €536 million (including accrued interest and excluding issue costs and shareholder loans). See detail of maturity dates in Note 7 "Financial debt". This debt is without recourse to Wendel. Cash totaled €71 million as of June 30, 2010.

In April 2010, Wendel successfully completed the renegotiation of Deutsch's debt with the nearly unanimous support of senior (99.9%) and mezzanine (100%) lenders. Wendel and Deutsch obtained the following amendments from the lenders:

- Deutsch's financial flexibility was increased, as the covenants were completely reformulated on the basis of a new business plan, and the mezzanine debt was transformed into near-equity instruments (maturity postponed until 2018, interest capitalized and mezzanine debt collateral eliminated);
- additional flexibility was obtained for future acquisitions, with the amount of investments authorized in China, India and Brazil increased.

In this context, Wendel invested €27 million, and the Painvin family, its co-shareholder, invested €3 million to strengthen the financial structure of the company. In addition, the shareholders paid €2 million in interest on the mezzanine debt in 2009 and bought back \$8 million in second lien debt for €3 million. As part of the restructuring, this second lien debt was converted into shareholder loans with priority over the mezzanine debt.

Wendel also contributed €37 million and the Painvin family €4 million to repurchase the minority interests (40%) in LADD, the Deutsch subsidiary that is the exclusive US distributor of the group's industrial division's products.

The shareholders made these investments in the form of shareholder loans that are subordinated to the senior and second lien bank debt, but senior to the mezzanine debt.

Margins were increased as part of the renegotiation. For the second lien debt the additional margin is capitalized and for the mezzanine debt, all interest is capitalized. An amendment fee was also paid. Finally, an additional payment will be made to the mezzanine debt holders in the event Wendel realizes a certain minimum multiple on its entire investment.

Following this agreement, the covenants as of June 30, 2010 were as follows:

- the ratio of Deutsch's consolidated net debt (excluding shareholder loans and mezzanine debt) and LTM EBITDA with the LADD acquisition on a proforma basis must be less than or equal to 8.80 (this ceiling falls to 3.5 at December 31, 2015);
- the sum of cash and undrawn revolving credit lines must be greater than \$35 million. If necessary, this covenant can be satisfied after the fact through a cash injection from the shareholders. In addition, Deutsch can replace it with the following covenant: cash flow after capex and dividends divided by total debt service, i.e. interest payable plus scheduled principal repayment, must be greater than or equal to 1 (this ratio is calculated on a rolling 12-month basis). Deutsch can change this covenant only once, after which it becomes definitive.
- the ratio of LTM EBITDA to net interest expense must be greater than or equal to 1.8 at June 30, 2010. This minimum rises to 2.95 at December 31, 2015. This ratio is calculated on a rolling 12-month basis;

These covenants are tested quarterly and Deutsch was in compliance with them as of June 30, 2010. In addition, capex must not exceed \$29.25 million in 2010. This limit is to rise to \$50.30 million in 2016.

The financial restructuring enabled Deutsch to be in compliance with its new obligations to its lenders. Therefore, there is no longer a risk of accelerated maturity of the bank debt. Consequently, the bank debt has been reclassified from current liabilities to non-current liabilities.

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

### *Stahl bank debt*

The gross face value of Stahl's bank debt was €219 million (including accrued interest and excluding issue costs and shareholder loans). See detail of maturity dates in Note 7 "Financial debt". This debt is without recourse to Wendel. Cash totaled €14 million as of June 30, 2010.

Stahl's financial restructuring was completed at the end of February 2010 with the unanimous support of lenders:

Wendel reinvested €60 million and increased its stake from 46% to 93.9% as of June 30, 2010 (before the investment of Stahl managers, which was finalized after June 30, 2010 and brought Wendel's stake down to 91.9%).

- the mezzanine and second lien lenders gave up their claims (€99 million) in return for:

- 6.1% of Stahl's share capital and shareholder loans and
- a fraction of any capital gain that Wendel realizes in the event it withdraws from the investment if such capital gain exceeds a predefined threshold.

- Using cash contributed by Wendel, Stahl repurchased part of its discounted senior debt.

- Bank covenants have been adjusted to the reality of the economic situation and the new business plan put in place for the company's restructuring.

There was no covenants test as of June 30, 2010. Stahl's senior debt covenants will be tested starting in 2011 and will be as follows:

- March 31, 2011: the ratio of Stahl's consolidated net debt (excluding shareholder loans) and LTM EBITDA must be less than or equal to 6.70. This ceiling falls to 5.00 at September 30, 2014. The test is performed quarterly;

- March 31, 2011: the ratio of LTM EBITDA (Last Twelve Months operating income) to net interest expense must be greater than or equal to 2.55. This minimum rises to 3.05 at September 30, 2014. This ratio is calculated quarterly on a rolling 12-month basis;

- June 30, 2011: the ratio of cash flow after capex and dividends to total debt service, i.e. interest payable plus scheduled principal repayment, must be greater than or equal to 1.40. This ratio is calculated half-yearly on a rolling 12-month basis;

- in 2011: capex must not exceed €11 million. This limit will rise to €14 million in 2014. The test is performed annually.

The financial restructuring enabled Stahl to be in compliance with its new obligations to its lenders. Therefore, there is no longer a risk of accelerated maturity of the bank debt. Bank debt is classified in non-current liabilities.

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

### **Managing interest rate risk**

Each subsidiary manages its interest-rate exposure by taking into account the restrictions imposed by its financing agreements (notably in the case of LBO-type finance without recourse to Wendel).

Wendel tracks the Group's overall position, however.

As of December 31, 2009, the Wendel Group's interest-rate exposure was limited:

<i>in billions of euros</i>	Fixed rate	Capped rate	Floating rate
Gross debt	2.9		7.5
Cash and financial investments			-2.4
Impact of derivatives	2.6	1.4	-4.0
<b>Interest-rate exposure</b>	<b>5.5</b>	<b>1.4</b>	<b>1.1</b>
	69%	18%	13%

- The notional amount of derivative instruments is weighted by the portion of the 12 months of 2010 during which they hedge interest-rate risk.

As of June 30, 2010, the Wendel Group's interest-rate exposure was limited:

<i>in billions of euros</i>	Fixed rate	Capped rate	Floating rate
Gross debt	2.9		7.7
Cash and financial investments *	-0.3		-1.7
Impact of derivatives	2.7	1.2	-4.0
<b>Interest-rate exposure</b>	<b>5.3</b>	<b>1.2</b>	<b>2.1</b>
	62%	14%	24%

\* (excluding €0.1 billion in financial investments not sensitive to interest rates)

- The notional amount of derivative instruments is weighted by the portion of the 12 months following June 30, 2010 during which they will hedge interest-rate risk.

- Derivatives covering interest rate risk are described in Note 4 "Financial assets and liabilities".

A +100 basis-point variation in the interest rates to which the consolidated Group's interest-rate exposure is indexed would increase net financial expense before tax by approximately €22 million over the 12 months following June 30, 2010 (based on exposure & interest rates at June 30, 2010, taking into account the maturity of interest-rate hedges).

### **Managing credit risk**

Each operating subsidiary has implemented a policy for monitoring its customers' credit risk. Impairment is recognized on receivables that present a risk. 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. When Wendel invests in short-term bonds, Funds managed by financial institutions or equity/diversified funds, an analysis is carried out on the signature risk. By tracking cash and short-term financial investments, Wendel regularly measures its exposure to each counterparty. Nevertheless, in light of the large amounts of cash and short-term investments at June 30, 2010 (see paragraph on Wendel's liquidity and that of its holding companies), large amounts might be placed with a single financial institution.

Derivative contracts are executed with top-ranking financial institutions.

### **Managing currency risk**

Companies controlled by Wendel operate in a number of countries and, as a result, derive a share of their earnings in currencies other than the euro. Most of the Group's foreign exchange risk is concentrated at Bureau Veritas, Deutsch, Stahl and, to a lesser extent, Materis. The currency risk situation has not changed significantly since December 31, 2009 (see note on currency risks in the 2009 consolidated financial statements).



## E - NOTES TO THE BALANCE SHEET

### NOTE 1 - GOODWILL

<b>in millions of euros</b>	<b>6/30/2010</b>	<b>12/31/2009</b>
<b>Goodwill, gross</b>		
Bureau Veritas	480.4	480.4
Deutsch	403.8	359.4
Materis	899.5	899.5
Stallergenes	0.9	0.9
Stahl	29.8	-
Subsidiaries of Bureau Veritas	950.9	848.7
Subsidiaries of Deutsch	7.2	7.2
Subsidiaries of Materis	154.8	136.4
Subsidiaries of Stallergenes	33.4	33.4
<b>Total</b>	<b>2,960.9</b>	<b>2,766.1</b>

<b>in millions of euros</b>	<b>6/30/2010</b>	<b>12/31/2009</b>
<b>Impairment</b>		
Deutsch	88.5	70.0
Materis	230.5	221.1
Subsidiaries of Bureau Veritas	14.7	16.6
<b>Total</b>	<b>333.7</b>	<b>307.6</b>

<b>in millions of euros</b>	<b>6/30/2010</b>	<b>12/31/2009</b>
<b>Goodwill, net</b>		
Bureau Veritas	480.4	480.4
Deutsch	315.3	289.4
Materis	669.1	678.4
Stallergenes	0.9	0.9
Stahl	29.8	-
Subsidiaries of Bureau Veritas	936.2	832.2
Subsidiaries of Deutsch	7.2	7.2
Subsidiaries of Materis	154.8	136.4
Subsidiaries of Stallergenes	33.4	33.4
<b>Total</b>	<b>2,627.2</b>	<b>2,458.4</b>

<b>in millions of euros</b>	<b>H1 2010</b>
Net at beginning of period	2,458.4
Business combinations (1)	43.4
Impact of changes in currency translation adjustments and other	132.4
Impairment for the period (2)	-7.0
<b>Net at end of period</b>	<b>2,627.2</b>

(1) includes €29.8 million related to Stahl. See "Changes in consolidation scope".

(2) €-7.0 million related to a division of Deutsch

### Goodwill impairment tests

As of June 30, 2010, no indication of impairment in value had been identified on goodwill related to Wendel's cash generating units (CGUs): Bureau Veritas, Materis, Deutsch, Stallergenes and Stahl. The principal indicators are adherence to the budget and business plan and, where applicable, the listed share price compared with the carrying value of the CGUs.

No impairment tests were carried out on the CGUs at the June 30, 2010 closing. In accordance with IFRS, the mandatory annual test will be performed at December 31, 2010.

At the same time, each subsidiary analyzed its own CGUs (not recognized as such in Wendel's books). In this context, Deutsch recognized a loss of €7.0 million on one of its CGUs. In accordance with the accounting principles detailed in the 2009 consolidated financial statements, this loss has been maintained in Wendel's consolidated financial statements.

### NOTE 2 - EQUITY-METHOD INVESTMENTS

<b>in millions of euros</b>	<b>6/30/2010</b>	<b>12/31/2009</b>
Saint-Gobain	4,608.8	4,364.9
Legrand	505.5	467.5
Stahl	-	0.0
Helikos	15.5	-
Investments of Bureau Veritas	0.5	0.7
Investments of Materis	3.1	3.1
Investments of Stahl	1.8	-
<b>Total</b>	<b>5,135.1</b>	<b>4,836.2</b>

The variation in equity-method investments was as follows:

<b>in millions of euros</b>	<b>H1 2010</b>
Amount at beginning of period	4,836.2
Payment of Saint-Gobain dividend in shares (1)	89.8
Share in net income of the period	
Saint-Gobain	46.8
Legrand	48.1
Helikos	-5.3
Dividends for the period	
Saint-Gobain	-89.8
Legrand	-45.9
Impact of changes in currency translation adjustments	278.7
Impact of business combinations	22.7
Other	-46.1
<b>Amount at June 30, 2010</b>	<b>5,135.1</b>

(1) See "Changes in consolidation scope".

### Impairment test

No indication of impairment in value has been identified on Legrand, and its carrying value was less than its market price.

Concerning Wendel's stake in Saint-Gobain, an impairment test was performed, because the carrying value of the investment in Wendel's consolidated statements was greater than its market value.

*Impairment test on equity-method investments: Saint-Gobain*, The test set out below was based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date the financial statements were approved on situations existing at the end of June 2010. The uncertainties with regard to the outlook for the global economy make forecasting difficult, and actual amounts could vary from the forecasts established within the scope of the impairment test. It is therefore possible that the value in use of the ownership interest will be different from that determined on the basis of the assumptions and estimates applied at June 30, 2010.

In accordance with IAS 36, recoverable value was determined by adopting the higher of fair value, which is the closing share price (€30.895 per share, or €2,872 million for the shares held by Wendel) or value in use, which is the discounted present value of cash flows.

Wendel has performed this discounted cash flow valuation. The five-year business plan assumptions used in calculating value in use were prepared by Wendel on the basis of publicly available information, including research on the sector published by leading forecasters, Wendel's internal analyses and studies commissioned by Wendel. The assumptions that underlie the business plan (trends in underlying markets, price effects, etc.) reflect Saint-Gobain's operational position brought on since 2008 by the decline in construction markets and the downturn in the economic environment. In accordance with IAS 36, these assumptions do not include a strategic acquisition. Lastly, the assumptions used in calculating post-business plan cash flows (i.e. growth in sales and normative profitability) are based on an analysis of the historical performances of Saint-Gobain's activities over more than 20 years.

The long-term growth rate applied to post-business plan cash flows is the same as that used at December 31, 2009 and at June 30, 2009: 2%. The discount rate used was identical to that used at December 31, 2009 and at June 30, 2009: 8%; It was based, among other things, on market parameters (risk-free rate, market premium, beta) and took into account risks specific to the business plan.

As of June 30, 2010, the net carrying value of the 93 million equity-accounted Saint-Gobain shares was €4,608.8 million (after impairment losses of €422 million recognized in previous years), or €49.58 per share. The value in use calculated as of June 30, 2010 was also in the region of €50 per share. Consequently, the impairment recognized in previous years was not adjusted. A sensitivity analysis shows that if the discount rate were 0.5% higher, an additional loss of €516 million would be recognized and that if the discount rate were 0.5% lower, the cumulative 2008 and 2009 impairment losses (€422 million) would be reversed. Similarly, if the long-term growth rate were 0.5% lower, an additional loss of €377 million would be recognized, and if it were 0.5% higher, the cumulative 2008 and 2009 impairment losses (€422 million) would be reversed. Finally, the model as a whole is also sensitive to the assumptions of the five-year business plan.

**Additional information relating to Saint-Gobain:**

<b>in millions of euros</b>	<b>6/30/2010</b>	<b>12/31/2009</b>
Carrying values at 100%		
Total assets (Saint-Gobain)	44,838	43,023
Impact of the revaluation of acquired assets and liabilities	5,231	5,467
Residual goodwill (excl. goodwill in Saint-Gobain's balance sheet)	3,333	3,333
Minority interests	343	302
Total liabilities	26,972	26,809

	<b>H1 2010</b>	<b>H1 2009</b>
Net sales <sup>(1)</sup>	19,529	18,715
Operating income	1,445	930
Business income	1,201	601
Recurring net income, group share	580	210
Net income, group share	501	128
Impact of the revaluation of acquired assets and liabilities	-236	-236

(1) Net sales grew 4.3%, including organic growth of 1%.

**Additional information relating to Legrand:**

<b>in millions of euros</b>	<b>6/30/2010</b>	<b>12/31/2009</b>
Carrying values at 100%		
Total assets (Legrand)	5,936.1	5,614.4
Goodwill adjustment (Wendel)	-528.6	-522.9
Minority interests	3.2	5.2
Total liabilities	3,382.1	3,220.0

	<b>H1 2010</b>	<b>H1 2009</b>
Net sales <sup>(1)</sup>	1,910.1	1,812.1
Recurring adjusted operating income <sup>(2)</sup>	421.2	306.6
Operating income	386.8	242.0
Net income, group share	192.6	107.9

(1) Net sales grew 5.4%, including organic growth of 3.1%.

(2) Operating income restated for accounting items linked to the 2002 acquisition of Legrand France and restructuring costs.

**Additional information relating to Helikos:**

<b>in millions of euros</b>	<b>6/30/2010</b>
Carrying values at 100%	
Total assets (Helikos)	205.3
of which cash in escrow	201.3
Total liabilities	16.1
of which "public" warrants	13.0

	<b>H1 2010</b>
Net income, Group share <sup>(1)</sup>	-5.3

(1) The costs related to Helikos' IPO and issue of public shares have been recognized as a deduction from shareholders' equity in Helikos' consolidated statements. These costs were recognized in Wendel's consolidated income statement.

### NOTE 3 - CASH AND CASH EQUIVALENTS

<b>in millions of euros</b>	<b>6/30/2010</b>	<b>12/31/2009</b>
	<b>Net amount</b>	<b>Net amount</b>
Pledged cash and cash equivalents of Wendel and its holding companies, classified as non-current financial assets (1)	667.0	682.3
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current financial assets	614.5	1,481.2
<b>Cash and cash equivalents of Wendel and its holding companies (2)</b>	<b>1,281.5</b>	<b>2,163.5</b>
Bureau Veritas	169.1	147.0
Deutsch	70.7	51.3
Materis	77.7	56.9
Stallergenes	41.3	22.4
Stahl	13.8	-
<b>Cash and cash equivalents of subsidiaries classified as current financial assets:</b>	<b>372.7</b>	<b>277.6</b>
<b>Total</b>	<b>1,654.2</b>	<b>2,441.1</b>

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

(2) plus €394 million euros in short-term financial investments (see Note 4)

### NOTE 4 - FINANCIAL ASSETS AND LIABILITIES (EXCL. FINANCIAL DEBT AND OPERATING PAYABLES)

#### **Financial assets:**

<b>in millions of euros</b>	<b>Method for recognizing changes</b>	<b>Level</b>	<b>6/30/2010</b>	<b>12/31/2009</b>
Pledged cash and cash equivalents of Wendel and its holding companies - A	Income statement (1)	1	667.0	682.3
Unpledged cash and cash equivalents of Wendel and its holding companies - A	Income statement (1)	1	614.5	1,481.2
Wendel's short-term financial investments	Income statement (1)	2	348.1	15.0
Wendel's held-to-maturity investments	Amortized cost	1	45.9	0.0
<b>Cash and short-term financial investments of Wendel and its holding companies</b>			<b>1,675.6</b>	<b>2,178.5</b>
Cash and cash equivalents of subsidiaries - A	Income statement (1)	1	372.7	277.6
Assets available for sale - B	Shareholders' equity (2)	3	13.8	12.2
Financial assets at fair value through profit or loss	Income statement (1)	1	2.3	3.4
Loans - C	Amortized cost	N/A	14.0	19.3
Deposits and guarantees	Amortized cost	N/A	25.7	22.4
Derivatives - D	Income statement (1) / Sh. equity (2)	See D	576.8	367.3
Other	Income statement (1)	1	40.5	29.0
<b>Total</b>			<b>2,721.2</b>	<b>2,909.6</b>
<b>of which non-current financial assets</b>			<b>1,259.9</b>	<b>1,112.9</b>
<b>of which current financial assets</b>			<b>1,461.3</b>	<b>1,796.6</b>

## Financial liabilities:

in millions of euros	Method for recognizing changes	Level	6/30/2010	12/31/2009
Derivatives - D	Income statement (1) / Sh. equity (2)	See D	340.2	204.6
Other	N/A	N/A	55.5	12.1
<b>Total</b>			<b>395.7</b>	<b>216.7</b>
<b>of which non-current financial liabilities</b>			<b>349.5</b>	<b>149.3</b>
<b>of which current financial liabilities</b>			<b>46.1</b>	<b>67.4</b>

(1) Change in fair value through profit or loss

(2) Change in fair value through shareholders' equity

The presentation of financial assets and liabilities reflects the three-level hierarchy used to determine the fair value of financial instruments, in accordance with the March 2009 amendment to IFRS 7. Details of this classification can be found at the end of this note.

### Details of financial assets and liabilities:

A - Cash and cash equivalents (pledged and unpledged): Pledged cash and cash equivalents are presented as non-current financial assets as they were not immediately available (see Note 3 "Cash and cash equivalents").

B - Assets available for sale as of June 30, 2010 corresponded essentially to €10.2 million in investment fund shares held by Oranje-Nassau.

C - Loans corresponded to €12.8 million in loans to VGG/AVR.

### D - Derivatives:

in millions of euros

	Level	6/30/2010		12/31/2009	
		Assets	Liabilities and shareholders' equity	Assets	Liabilities and shareholders' equity
Net protection (puts) on Saint-Gobain shares - not qualifying for hedge accounting (2)	2	498.3	168.0	(1) 341.7	0.0
Derivatives on securities - not qualifying for hedge accounting	3	0.0	0.0	7.8	0.0
Commodity derivatives - hedging of cash flows	2	0.0	1.2	0.0	0.8
Interest rate swaps - hedging of cash flows (3)	2	63.1	153.2	13.2	181.5
Interest rate swaps - not qualifying for hedge accounting (3)	2	6.9	14.8	3.8	22.3
Other derivatives - not qualifying for hedge accounting	2	8.5	3.0	0.8	0.1
<b>Total</b>		<b>576.8</b>	<b>340.2</b>	<b>367.3</b>	<b>204.6</b>
of which:					
<b>Non-current portion</b>		503.3	302.3	353.3	148.4
<b>Current portion</b>		73.4	37.9	14.0	56.2

(1) as of December 31, 2009 this line item included a long position of €476.1 million and a short position of €134.4 million.

(2) In an effort to hedge part of the Saint-Gobain shares it holds against a decline in the share price, Wendel has purchased put options on Saint-Gobain shares (long position). In addition, Wendel wrote puts with features similar to certain purchased puts. The combination of these two positions constitutes a net protection on the value of Saint-Gobain shares held by Wendel, with maturities ranging from September 2011 to March 2012.

After the sale of puts (long position) at the end of 2009, the net protection covered nearly 25% of the Saint-Gobain shares, vs. 36% before the sale. Additional sales took place during the second quarter of 2010, reducing the net protection to 19% of the shares held at June 30, 2010.

When the price of Saint-Gobain shares declines, the value of the net protection rises, and vice-versa. This net protection neutralizes the impact of a decline in the share price on the covered portion of shares held when this share price is below the exercise price, which was the case on June 30, 2010. Nevertheless, these derivatives did not qualify as hedges under accounting standards, as the underlying assets were equity-method investments. As of June 30, 2010, a +/-5% change in Saint-Gobain's share price would lead to a change in the value of this net protection of about +/-€28 million, to be reflected in the income statement.

The carrying value of these puts corresponds to the value at which the counterparty would have agreed to unwind them. It is based on a mathematical model used to value options, which takes into account the market parameters prevailing at the balance sheet date, including share price, volatility, liquidity of underlyings and transaction size. It is calculated by the counterparty and verified by Wendel's financial managers. This value is €66 million below the value that would be produced by a mathematical model that ignores market parameters related to the size of the transaction.

In the first half of 2010, this net protection generated a €105.6 million gain recognized in the income statement as follows:

- approx. 5 million puts (long position) were sold in the second quarter of 2010 for €117 million. The proceeds contributed to the repayment of €273.4 million in bank debt not subject to collateral calls. The carrying value of these puts at the beginning of the fiscal year was €77.1 million, giving rise to a gain of €39.9 million. The gain compared with the premium paid when the puts were originally purchased was €68 million.

- change in the value of the net protection maintained: €+65.7 million.

IFRS prohibits valuing the puts on the same basis as the underlying investments, which are accounted for by the equity method. The hedges are valued according to IAS 39 on the basis of market parameters as of the balance sheet date, whereas the underlying shares are valued under IAS 28 according to the equity method and are subject to an impairment test based on a discounted cash flow valuation (IAS 36). Accordingly, application of accounting standards generates a distortion in valuations, which have an impact on the income statement.

These puts have been pledged against the portion of the financing for the Saint-Gobain shares that is not subject to collateral calls.

(3) interest rate swaps:

The value of interest rate swaps is calculated by the counterparties on the basis of the yield curve at the closing date and the present value of cash flows expected from the contracts. Wendel's finance department verifies the consistency of these calculations.

Notional amount	Features (1)	Qualified as	Start (1)	Maturity (1)	6/30/2010	12/31/2009
<b>sign convention: (+) asset, (-) liability</b>						
<b>Hedging of bonds carried by Wendel</b>						
€100M	Pay 3.98% against 4.21%		pre-closing	05.2016	1.4	1.4
€100M	Pay Euribor (3.42% floor and 4.02% ceiling) against 4.06%		pre-closing	02.2011	0.0	0.1
€400M	Pay 7-year CMS (3.43% floor and 3.85% ceiling) against 3.89%		pre-closing	02.2011	0.9	1.2
€95.7M	Pay 3.20% against 3.89%		pre-closing	02.2011	0.4	0.7
€300M	Pay 12-mo. Euribor + 0.93% betw. 1.70% and 2.60%, 3.40% if < 1.70% and 3.53% if > 2.60% Coupon: 3.49%		pre-closing	08.2017	1.3	0.4
					4.1	3.8
<b>Hedging of Eufor's bank debt (2)</b>						
€2,500M	Pay 4.18% against Euribor	Hedge	pre-closing	10.2011	-100.3	-112.2
€300M	Pay 4.25% against Euribor		pre-closing	07.2011	-9.1	-11.5
€1,000M	Pay 1.70% against Euribor	Hedge	01.2011	01.2014	-3.4	-
					-112.8	-123.7
<b>Hedging of subsidiaries' debt</b>						
€50M	Pay 3.47% against Euribor		pre-closing	06.2013	-3.3	
€100M	Pay 3.85% against Euribor	Hedge	pre-closing	03.2011	-2.2	
€50M	Pay 4.64% against Euribor	Hedge	pre-closing	04.2013	-6.5	
€50M	4.49%-4.98% interest rate collar on Euribor	Hedge	pre-closing	06.2012	-3.3	
€166M	2.09%-3.01% interest rate collar on Euribor		01.2011	01.2013	-2.8	
€200M	1.13%-2.70% interest rate collar on Euribor		01.2011	01.2013	-1.2	
€50M	2.15%-2.90% interest rate collar on Euribor		12.2010	12.2012	-0.9	
€200M	3.42%-4.09% interest rate collar on Euribor		pre-closing	01.2011	-3.0	
€300M	3.32%-3.96% interest rate collar on Euribor with knock-in at 3.07%		pre-closing	01.2011	-4.3	
€200M	3.30% cap on Euribor		04.2011	04.2013	0.5	
€400M	2.79% cap on Euribor		05.2011	05.2013	1.4	
€250M	Pay 2.53% against Euribor	Hedge	01.2011	01.2012	-3.4	
€50M	Pay 1.51% against Euribor	Hedge	01.2011	01.2013	-0.4	
€200M	Pay 3.86% against Euribor	Hedge	pre-closing	01.2011	-3.5	
€200M	Pay 3.87% against Euribor	Hedge	pre-closing	10.2010	-1.9	
\$120M	Pay 5.50% against Libor		pre-closing	07.2011	-5.0	
\$95M	3.75% cap on Libor		12.2011	12.2014	0.9	
€15M	3.50% cap on Euribor		03.2012	12.2014	0.1	
€12.3M	Pay 4.45% against Euribor		pre-closing	03.2012	-0.8	
\$95M	Pay 5.14% against Libor		pre-closing	12.2011	-4.8	
€7.1M	Pay 2.6% against Euribor		pre-closing	09.2014	0.0	
Other financial derivatives					-4.4	-53.2
					-49.0	-53.2
Cross currency swaps (2)		Hedge			59.9	-13.7
<b>Total</b>					<b>-97.9</b>	<b>-186.8</b>

(1) the positions indicated in this table are aggregations of several similar contracts. Consequently, the features are weighted averages.

(2) These swaps cover the risk of fluctuation in interest rates paid on Eufor group's floating rate financing. Their value is €-112.8 million. New swaps were implemented in the first half of 2010 (notional amount: €1 billion). They have a deferred start, so as to cover the period following the maturity of certain current swaps and extend the overall coverage period (notional amount: €2.8 billion). These new swaps have been qualified as cash flow hedges. Consequently, any variation in their fair value is recognized in shareholders' equity. The change in value of all swaps qualified as hedges and recognized in shareholders' equity in the first quarter of 2010 was €12.5 million. During the same period, the change in value recognized in the income statement on instruments not qualified as hedges or on hedges that were only partially effective was €-1.7 million.

(3) Bureau Veritas: USPP debt (see Note 7 "Financial debt"), denominated in US dollars and pounds sterling, as well as part of the US dollar-denominated amortizable tranche of the bank debt, was hedged in order to convert the debt into euros. Any change in value in these instruments is recognized in shareholders' equity and passed through the income statement over the life of the loans.



### Methods for determining the fair value of financial instruments

In compliance with the March 2009 amendment to IFRS 7, the assets and liabilities of the Group are measured at fair value according to their valuation method. The hierarchy levels are defined as follows:

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

During the period ended June 30, 2010, there were no transfers between levels 1 and 2, nor any transfers to or from level 3 of the fair value measurement hierarchy. Changes in level 3 financial instruments were not significant and are not presented.

### NOTE 5 - SHAREHOLDERS' EQUITY

Total number of shares in the share capital:

	<b>Par value</b>	<b>Total number of shares</b>	<b>Treasury shares</b>
At 12/31/2009	€4	50,436,175	571,005
At 6/30/2010	€4	50,453,893	801,246

#### *Treasury shares*

The number of shares held under the liquidity contract rose by 12,500 to 112,500 at June 30, 2010 (unit price: €44.01 per share).

As of December 31, 2009, 471,005 shares were held to cover stock options granted as of that date.

As of June 30, 2010, Wendel held 688,746 of its own shares outside the context of the liquidity contract. These shares were held to cover stock options and bonus shares. In total, shares held in treasury represented 1.59% of the share capital at June 30, 2010.

Principal items in the statement of comprehensive income:

	Assets available for sale	Derivatives qualifying for hedge accounting	Deferred taxes	Total, Group share	Minority interests	Total shareholders ' equity
<b>.at 12/31/2008</b>	10.0	-143.9	-2.0	<b>-135.9</b>	-13.0	<b>-148.9</b>
. Changes in fair value during the year	-2.3	36.9	-11.2	<b>23.4</b>	13.2	<b>36.6</b>
. Amount recognized in the income statement	0.0	-35.1	17.5	<b>-17.5</b>	0.0	<b>-17.5</b>
<b>.at 12/31/2009</b>	7.7	-142.1	4.3	<b>-130.1</b>	0.2	<b>-129.8</b>
. Changes in fair value during the year	1.5	30.3	-1.7	<b>30.2</b>	8.1	<b>38.3</b>
. Amount recognized in the income statement	0.0	0.0	0.0	<b>0.0</b>	0.0	<b>0.0</b>
<b>.at 6/30/2010</b>	9.3	-111.8	2.6	<b>-99.9</b>	8.3	<b>-91.5</b>

**NOTE 6 - PROVISIONS**

in millions of euros	6/30/2010	12/31/2009
Provisions for liabilities and charges (1)	153.0	161.7
Employee benefits (2)	152.5	131.2
<b>Total</b>	<b>305.5</b>	<b>292.9</b>
<i>of which non-current</i>	<i>290.1</i>	<i>280.8</i>
<i>of which current</i>	<i>15.4</i>	<i>12.2</i>

(1) includes €88.3 million related to Bureau Veritas (€102.8 million at December 31, 2009)

(2) includes €89.2 million related to Bureau Veritas (€88.0 million at December 31, 2009)

## NOTE 7 - FINANCIAL DEBT

in millions of euros	Currency	Coupon rate	Effective interest rate	Maturity	Repayment	Overall amount	6/30/2010 Amounts	12/31/2009 used
<b>Wendel</b>								
2011 bonds	EUR	5.0000%	5.16%	02.2011	at maturity		387.5	466.2
2014 bonds	EUR	4.8750%	4.93%	11.2014	at maturity		400.0	400.0
2014 bonds - tranche 2	EUR	4.8750%	8.78%	11.2014	at maturity		300.0	300.0
2015 bonds	EUR	4.8750%	4.91%	09.2015	at maturity		400.0	400.0
2016 bonds	EUR	4.8750%	5.02%	05.2016	at maturity		400.0	400.0
2017 bonds	EUR	4.3750%	5.73%	08.2017	at maturity		300.0	300.0
2017 bonds - tranche 2	EUR	4.3750%	4.46%	08.2017	at maturity		400.0	400.0
Syndicated credit line	EUR	Euribor+margin		09.2013	revolving credit	€1,200M		
Deferred issuance costs							-0.2	-0.3
Amortized cost of bonds							-78.5	-84.9
Other borrowings and accrued interest	EUR						78.4	55.7
							<b>2,587.2</b>	<b>2,636.7</b>
<b>Eufor - Saint-Gobain investment financing</b>								
Bank borrowings	EUR	Euribor+margin		07.2013, 03.2014, 12.2014	revolving credit		800.0	800.0
Bank borrowings	EUR	Euribor+margin		09.2011/03.2012	amortizing		1,275.0	1,548.4
Bank borrowings (a)	EUR	Euribor+margin		06.2014 / 06.2015	amortizing		455.0	455.0
Bank borrowings (a)	EUR	Euribor+margin		06.2015	at maturity		800.0	800.0
Bank borrowings (a)	EUR	Euribor+margin		04.2012/2013/2014/2015	amortizing		930.6	930.6
Bank borrowings	EUR	Euribor+margin		11.2013, 05.2014, 11.2014	amortizing revolving credit	€300M		
Bank borrowings (a)	EUR	Euribor+margin		06.2014 / 06.2015	amortizing	€600M		
Other borrowings	EUR						0.0	7.0
Accrued interest							10.6	11.2
							<b>4,271.2</b>	<b>4,552.1</b>
<b>Other holding companies</b>								
Shareholder loans of minority interests							9.5	12.2
							<b>9.5</b>	<b>12.2</b>
<b>Bureau Veritas</b>								
Bank borrowings	USD	Libor+margin		05.2013	amortizing		200.5	199.2
Bank borrowings	EUR	Euribor+margin		05.2013	amortizing		10.1	11.7
Bank borrowings	EUR	Euribor+margin		05.2012/2013	revolving credit	€550M	200.0	145.0
Bank borrowings	GBP	Libor+margin		05.2012/2013	revolving credit		36.7	27.0
Bank borrowings	EUR	Euribor+margin		10.2012	at maturity		150.0	150.0
US private placement	USD	Fixed		2018-20	at maturity		216.8	184.6
US private placement	GBP	Fixed		2018-20	at maturity		77.1	70.9
Deferred issuance costs							-2.4	-2.8
Other borrowings and accrued interest							53.3	40.6
							<b>941.9</b>	<b>826.3</b>
<b>Deutsch</b>								
Bank borrowings (mezzanine)	EUR	Euribor+margin		06.2018	at maturity		33.5	31.6
Bank borrowings (mezzanine)	USD	Libor+margin		06.2018	at maturity		17.7	31.6
Bank borrowings (second lien)	USD	Libor+margin		12.2015	at maturity		42.4	41.6
Bank borrowings (revolving credit)	USD	Euribor+margin		06.2013	revolving credit	\$40M	0.0	19.4
Bank borrowings (revolving credit)	EUR	Libor+margin		06.2013	revolving credit			6.5
Bank borrowings (senior)	EUR	Euribor+margin		12.2013 / 06.2014	at maturity		40.8	40.8
Bank borrowings (senior)	USD	Libor+margin		12.2013 / 06.2014	at maturity		132.3	112.7
Bank borrowings (senior)	GBP	Libor+margin		12.2013 / 06.2014	at maturity		24.3	22.3
Bank borrowings (senior)	EUR	Euribor+margin		12.2014 / 06.2015	at maturity		34.7	34.7
Bank borrowings (senior)	USD	Libor+margin		12.2014 / 06.2015	at maturity		154.5	131.6
Bank borrowings (acquisition)	USD / GBP	Libor+margin		06.2013	amortizing	\$100M	50.7	43.3
Deferred issuance costs							-8.4	-7.5
Shareholder loans							31.7	22.4
Other borrowings and accrued interest							5.4	12.4
							<b>559.5</b>	<b>543.4</b>
<b>Materis</b>								
Bank borrowings (mezzanine)	EUR	Euribor+margin		04.2016	at maturity		341.8	310.1
Bank borrowings (second lien)	EUR	Euribor+margin		11.2015	at maturity		140.0	140.0
Bank borrowings (senior)	EUR	Euribor+margin		04.2013	amortizing		191.8	188.8
Bank borrowings (senior)	EUR	Euribor+margin		04.2014	at maturity		395.4	395.4
Bank borrowings (senior)	EUR	Euribor+margin		04.2015	at maturity		421.1	421.1
Bank borrowings	EUR	Euribor+margin		04.2013	at maturity	€145M	128.0	116.5
Bank borrowings (revolving)	EUR	Euribor+margin		04.2013	revolving credit	€125M	67.2	34.8

credit)								
Bank borrowings (acquisition)	EUR	Euribor+margin	04.2013	amortizing	€150M		143.5	136.5
Bank borrowings (acquisition)	EUR	Euribor+margin	04.2014 / 04.2015	amortizing	€100M			
2)								
Deferred issuance costs							-37.9	-42.3
Shareholder loans							41.5	39.0
Other borrowings and accrued interest							81.3	71.1
							<b>1,913.6</b>	<b>1,811.1</b>
<b>Stahl</b>								
Bank borrowings (second lien)	USD	Libor+margin	12.2017	at maturity			50.0	
Bank borrowings (senior)	USD	Libor+margin	12.2014	at maturity			113.6	
Bank borrowings (senior)	EUR	Euribor+margin	12.2014	at maturity			45.0	
Bank borrowings (revolving credit)	USD	Libor+margin	11.2014	revolving credit	\$36M		8.5	
Deferred issuance costs							-2.1	
Shareholder loans							4.0	
Other borrowings and accrued interest							1.6	
							<b>220.7</b>	
<b>Stallergenes</b>	EUR	variable					<b>16.3</b>	<b>17.6</b>
							<b>10,519.9</b>	<b>10,399.5</b>

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

#### Financial debt maturity schedule

	Less than 1 year	Betw. 1 and 5 years	More than 5 years	Total
Wendel nominal value	-388	-700	-1,500	-2,588
Eufor nominal value - subject to collateral calls	0	-2,986	0	-2,986
- not subject to collateral calls	0	-1,275	0	-1,275
Wendel and Eufor interest (b)	-381	-807	-131	-1,319
Subsidiaries and associates - nominal value	-233	-2,613	-779	-3,625
- interest (b)	-133	-414	-506	-1,053
<b>TOTAL</b>	<b>-1,134</b>	<b>-8,795</b>	<b>-2,916</b>	<b>-12,845</b>

Interest calculations are carried out on the basis of the yield curve prevailing on June 30, 2010.

(a) The net protection on Saint-Gobain shares matures in tandem with the net debt not subject to collateral calls. Their net carrying value was €330.2 million (see Note 4.D "Derivatives").

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

The situation regarding the liquidity and bank covenants of Wendel and its subsidiaries is described in the note on "Risk management", "Managing liquidity risk".

#### Principal changes in the first half of 2010:

##### Wendel

In the first half of 2010, as part of its liquidity management, Wendel repurchased bonds maturing in 2011 with a par value of €78.7 million. The bonds were repurchased for €81.0 million. In accordance with the bond indenture, these bonds were canceled, and a financial expense of €2.3 million was recognized. These purchases reduced future interest expense to be paid on these bonds between the repurchase date and the maturity date in February 2011 by €3.9 million. The residual, outstanding par value of the 2011 bonds was €387.5 million as of June 30, 2010.

##### Eufor - Saint-Gobain investment financing

Bank debt not subject to collateral calls of €273.4 million was repaid, owing in part to the proceeds of €117.0 million from the sale of Saint-Gobain puts (see Note 4 "Financial assets and liabilities"). The rest derived from Wendel's cash holdings. Following this transaction, bank financing not subject to collateral calls contracted to finance the acquisition of Saint-Gobain shares came to €1,275.0 million. Maturities of the bank debt not subject to collateral calls now extend from September 2011 to March

2012. This bank debt is collateralized by the financed Saint-Gobain shares and the puts on Saint-Gobain shares (long position).

*Bureau Veritas*

The significant increase in debt between December 31, 2009 and June 30, 2010 is essentially due to the conversion of debt denominated in foreign currencies into euros (USPP and bank borrowings). The USPP borrowing, with tranches in pounds sterling and US dollars was effectively converted into euros at issuance using USD/EUR and GBP/EUR currency swaps. Similarly, part of the amortizable tranche of the US dollar bank debt was converted synthetically (see Note 4.D "Derivatives")

*Deutsch*

Bank debt was reclassified as non-current liabilities: See the note on "Risk management" related to Deutsch's liquidity.

*Stahl*

Since Wendel took control of Stahl in February 2010 as part of the financial restructuring, Stahl has been fully consolidated and its debt appears in the consolidated balance sheet.

### NOTE 8 - OFF-BALANCE-SHEET COMMITMENTS

As of June 30, 2010, there were no commitments that could have a material impact on Wendel's financial position other than those disclosed below.

<b>in millions of euros</b>	<b>6/30/2010</b>	<b>12/31/2009</b>
<b>Bid bonds</b>	<b>76.2</b>	<b>66.7</b>
<b>Pledges, mortgages and collateral</b>	<b>7,983.3</b>	<b>8,058.8</b>
of which		
- pledge by Materis Parent (Materis group) of shares of the principal companies of the Materis group, and of certain bank accounts and trade receivables as a guarantee for the repayment of the debt owed by the Materis group	1,897.0	1,814.4
- pledge by Deutsch Group of shares of the principal companies of the Deutsch group, and of certain bank accounts, trade receivables and assets as a guarantee for the repayment of the debt owed by the Deutsch group	440.2	528.5
- pledge by Winvest Part 4 SA (Stahl group) of shares of the principal companies of the Stahl group, and of certain bank accounts, trade receivables and assets as a guarantee for the repayment of the debt owed by the Stahl group	218.8	
- pledge of listed shares in connection with the Saint-Gobain investment structure (market value) (1) (2)	4,236.5	4,547.3
- Guarantee given in connection with financing without margin calls and related to hedging (2)	498.3	476.1
- pledge of cash in connection with the Saint-Gobain investment structure (2)	648.3	653.0
- other	44.3	39.5
<b>Other guarantees and endorsements given</b>	<b>614.4</b>	<b>655.4</b>
- guarantee given (2)	232.6	232.6
- other (3)	381.8	422.7
<b>Other commitments given</b>	<b>29.3</b>	<b>30.6</b>

(1) including as of June 30, 2010: 67.9 million Saint-Gobain shares financed by €2,098 million in Eufor group debt, 2 million shares worth €63 million that had been financed by debt repaid during the first half of 2010 (see Note 7 "Financial debt") and freed up after closing and €2,075 million of Legrand and Bureau Veritas shares.

(2) See paragraph on Eufor financing in the note on "Managing liquidity risk".

(3) including as of June 30, 2010:

- guarantees given in the context of the sale of Oranje-Nassau Groep's oil & gas assets. Amounts ranged from 25% to 40% of the sales price depending on the risk involved. These guarantees are of a legal, tax and accounting nature or relate to ownership of the assets sold. There were no guarantees against environmental risks or site remediation costs connected with the divestment.

- guarantees given in connection with the sale of Editis in 2008 for a maximum of 10% of the sale price.

Shareholder agreements entered into by the Wendel Group

See Note 15 "Off-balance-sheet commitments" in the 2009 Reference Document.

Co-shareholders' rights to capital gains

See the note on "Changes in consolidation scope".

## F - NOTES TO THE INCOME STATEMENT

### NOTE 9 - NET SALES

<b>in millions of euros</b>	<b>H1 2010</b>	<b>H1 2009</b>	<b>% Change</b>	<b>organic growth</b>
Bureau Veritas	1,349.1	1,329.5	1.5%	0%
Deutsch	203.7	170.1	19.8%	19.0%
Materis	925.3	860.7	7.5%	5.1%
Stallergenes	110.6	97.6	13.3%	13%
Stahl	122.4	-	-	-
<b>Consolidated sales</b>	<b>2,711.2</b>	<b>2,457.9</b>	<b>10.3%</b>	<b>3.6%</b>
Stahl (contribution over 6 months)	168.5	110.8	52.1%	48.0%
<b>Total including Stahl in H1 2009 and H1 2010</b>	<b>2,757.3</b>	<b>2,568.7</b>	<b>7.3%</b>	<b>5.5%</b>

### NOTE 10 - OTHER OPERATIONAL INCOME AND EXPENSES

<b>in millions of euros</b>	<b>H1 2010</b>	<b>H1 2009</b>
Net gains (losses) on disposal of intangible assets and property, plant & equipment	-3.0	3.1
Net gains (losses) on disposal of consolidated investments (1)	-1.4	118.4
Restructuring costs	-5.2	-1.7
Impairment of assets (2)	-7.0	-64.4
Other income and expenses	-8.2	-8.5
<b>Total</b>	<b>-24.8</b>	<b>46.9</b>

(1) net gain on the sale of a block of shares representing 10% of Bureau Veritas in 2009.

(2) asset impairment at Deutsch in 2010; at Materis (€33.0 million) and Deutsch (€31.4 million) in 2009. See Note 1 "Goodwill".



### NOTE 11 - FINANCE COSTS, NET

<b>in millions of euros</b>	<b>H1 2010</b>	<b>H1 2009</b>
Income from cash and cash equivalents		
Interest generated by cash and cash equivalents <sup>(1)</sup>	5.3	18.8
	<u>5.3</u>	<u>18.8</u>
Finance costs, gross		
Interest expense	-257.0	-295.7
Interest expense on the minorities portion of shareholder loans	-4.8	-5.9
Deferral of debt issuance costs and premiums (calculated according to the effective interest method)	-14.2	-8.2
	<u>-276.0</u>	<u>-309.8</u>
<b>Total</b>	<b>-270.8</b>	<b>-291.0</b>

(1) including €3.7 million for Wendel and its holding companies, plus €5.4 million from short-term investments (see Note 12), making a total of €9.1 million from cash and short-term financial investments of Wendel and its holding companies.

### NOTE 12 - OTHER FINANCIAL INCOME AND EXPENSES

<b>in millions of euros</b>	<b>H1 2010</b>	<b>H1 2009</b>
Gains (losses) on disposals of assets available for sale	-2.1	0.0
Dividends received from non-consolidated companies	0.2	1.4
Income on interest rate, currency and equity derivatives (1)	113.1	129.9
Interest on other financial assets	3.1	5.3
Net currency exchange gains/losses	23.3	-0.5
Impact of discounting	-3.4	-2.2
Other (2)	1.7	41.4
<b>Total</b>	<b>135.9</b>	<b>175.4</b>

(1) in H1 2010 this line item included the gain on sale and the change in fair value of protection purchased against a decline in the price of Saint-Gobain shares, totaling €105.6 million in 2010 (€136.4 million in 2009). See Note 4 "Financial assets and liabilities".

(2) in H1 2010, this line item included €5.4 million in earnings on Wendel's financial investments.

### NOTE 13 - TAX EXPENSE

<b>in millions of euros</b>	<b>H1 2010</b>	<b>H1 2009</b>
Current income tax	-95.9	-67.7
Deferred taxes	33.5	40.9
<b>Total</b>	<b>-62.4</b>	<b>-26.8</b>

The French business license tax (taxe professionnelle) was replaced in 2010 by the CET (Contribution Economique Territoriale).

The portion pertaining to value added (CVAE) has been recognized as an income tax, in accordance with IAS 12 and the January 14, 2010 recommendation of the National Accounting Council (CNC). Classifying this tax as an income tax had an impact of €9.5 million on the first half of 2010.

**NOTE 14 - NET INCOME FROM EQUITY-METHOD INVESTMENTS**

<b>in millions of euros</b>	<b>H1 2010</b>	<b>H1 2009</b>
<b>Net income including impact of goodwill allocation</b>		
Saint-Gobain	46.8	-21.1
Legrand	48.2	33.6
Stahl	0.1	-2.5
Helikos	-5.3	-
Other companies	-0.1	0.1
<b>Impact of Legrand dilution</b>	-0.1	-0.2
<b>Impairment of equity-accounted Saint-Gobain shares</b>	0.0	-691.9
<b>Impact of Saint-Gobain dilution</b>	-0.2	-741.6
<b>Total</b>	<b>89.4</b>	<b>-1,423.7</b>

**NOTE 15 - NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS OR OPERATIONS HELD FOR SALE**

In 2009, in accordance with IFRS 5, all items on the income statement related to the oil & gas business from the beginning of the fiscal year until the divestment date are presented under "Net income from discontinued operations", along with the divestment gain.

<b>in millions of euros</b>	<b>H1 2010</b>	<b>H1 2009</b>
Gain (loss) on divestments		
Oranje-Nassau Groep - oil & gas business	-	345.6
	-	<b>345.6</b>
Share in net income for the period from discontinued operations		
Oranje-Nassau Groep - oil & gas business (1)	-	15.7
Bureau Veritas companies	-	0.4
	-	<b>16.1</b>
<b>Total</b>	<b>-</b>	<b>361.7</b>

(1) Pre-tax profit €45.0 million and tax of €-29.3 million in 2009

## NOTE 16 - EARNINGS PER SHARE

<b>in euros and millions of euros</b>	<b>H1 2010</b>	<b>H1 2009</b>
Net income (loss) - Group share	124.5	-959.8
Impact of dilutive instruments on subsidiaries	-2.7	-1.4
Diluted net income for the period	<b>121.8</b>	<b>-961.2</b>
Average number of shares	49,819,237	50,214,180
Potential dilution due to Wendel stock options (1)	594,287	-
Diluted number of shares	<b>50,413,524</b>	<b>50,214,180</b>
Basic earnings per share (in euros)	2.50	-19.11
Diluted earnings per share (in euros)	2.42	-19.14
Basic earnings per share from continuing operations (in euros)	2.50	-26.32
Diluted earnings per share from continuing operations (in euros)	2.42	-26.34
Basic earnings per share from discontinued operations (in euros)	0.00	7.20
Diluted earnings per share from discontinued operations (in euros)	0.00	7.20

(1) Based on the share buyback method

## G - NOTES ON CHANGES IN CASH POSITION

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

<b>in millions of euros</b>	<b>H1 2010</b>	<b>H1 2009</b>
By Bureau Veritas	28.1	27.6
By Deutsch	4.2	5.3
By Materis	34.4	17.9
By Stahl	1.7	0.0
By Stallergenes	5.8	6.0
By Wendel and holding companies	0.7	0.6
<b>Total</b>	<b>74.9</b>	<b>57.3</b>

### NOTE 18 - ACQUISITION OF AND SUBSCRIPTION TO NON-CURRENT FINANCIAL ASSETS

<b>in millions of euros</b>	<b>H1 2010</b>	<b>H1 2009</b>
Helikos (1)	22.3	
Saint-Gobain	-	115.7
By Bureau Veritas	16.2	32.7
By Materis	3.7	1.2
By Deutsch (2)	30.2	-
Other securities	0.1	-
<b>Total</b>	<b>72.4</b>	<b>149.6</b>

(1) Investment in Helikos at the time of its IPO. See note on "Changes in consolidation scope".

(2) Repurchase by Deutsch of the minority interests in LADD (see note on "Changes in consolidation scope"). To repurchase these shares, and at the same time repay the seller financing implemented when LADD was acquired, Wendel injected €37 million and the Painvin family €4 million (see note on "Deutsch bank debt").

NOTE 19 - DIVESTMENT OF NON-CURRENT FINANCIAL ASSETS (AT SALE PRICE)

<u>in millions of euros</u>	<u>H1 2010</u>	<u>H1 2009</u>
Oranje-Nassau Groep - Energy division		580.9
Sale of Bureau Veritas block	-	272.8
Divestments by Bureau Veritas	6.7	-
<b>Total</b>	<b>6.7</b>	<b>853.8</b>

NOTE 20 - IMPACT OF CHANGES IN CONSOLIDATION SCOPE AND OF OPERATIONS HELD FOR SALE

In H1 2010, this line item corresponded essentially to the consolidation of Stahl and in 2009 to the oil & gas activities of Oranje-Nassau, which were sold during the first half of that year.

NOTE 21 - CHANGES IN OTHER FINANCIAL ASSETS AND LIABILITIES

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

- €60 million in cash that Wendel contributed to Stahl as part of its financial restructuring (see the note on "Changes in consolidation scope"),
- €376 million in short-term financial investments realized by Wendel and classified in current financial assets (see paragraph on Wendel's liquidity), and
- €117 million in proceeds from the sale of Saint-Gobain protection (see Note 4.D on "Derivatives").

In the first half of 2009 this line item included €65.5 million in proceeds from the sale of Saint-Gobain warrants.

NOTE 22 - DIVIDENDS RECEIVED FROM EQUITY-METHOD INVESTMENTS AND NON-CONSOLIDATED COMPANIES

The dividend received from Legrand totaled €45.9 million in H1 2010 (€56.4 million in H1 2009). Dividends from Saint-Gobain were received in the form of shares (see note on "Changes in consolidation scope"). As such it had no impact on the Group's cash position.

### NOTE 23 - NET CHANGE IN BORROWINGS AND OTHER FINANCIAL LIABILITIES

<b>in millions of euros</b>	<b>H1 2010</b>	<b>H1 2009</b>
<b>New borrowings obtained by:</b>		
Eufor group (Saint-Gobain investment structure)	0.0	106.6
Bureau Veritas	134.1	73.7
Deutsch	7.8	11.3
Materis	122.2	118.1
Oranje-Nassau Groep	-	4.0
Stallergenes	0.0	0.0
Stahl	7.8	0.0
	<b>272.0</b>	<b>313.7</b>
<b>Borrowings repaid by:</b>		
Wendel - Capgemini 2% bond	-	279.0
Wendel - Repurchase of 2011 bonds (1)	81.0	16.0
Group Eufor (Saint-Gobain investment structure) (1)	273.4	171.5
Bureau Veritas	93.8	153.4
Deutsch	38.7	13.9
Materis	59.3	27.3
Oranje-Nassau Groep	-	101.0
Stallergenes	1.2	1.2
Stahl	4.3	0.0
Other Wendel holding companies	3.2	0.0
	<b>555.0</b>	<b>763.2</b>
<b>Total</b>	<b>-283.1</b>	<b>-449.5</b>

(1) See the Note on "Financial debt"

## H – ADDITIONAL INFORMATION

### NOTE 24 - SEGMENT INFORMATION

"Net income from business sectors" and non-recurring items are analyzed here in detail. Net income from business sectors is the Group's net income, excluding the following items:

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

## Income statement by operating segment for the first half of 2010

	Bureau Veritas	Materis	Deutsch	Staller-genes	Stahl	Equity-method investments			Holding companies	Total Business sectors
						Saint-Gobain	Legrand	Stahl		
<b>Net income from business sectors</b>										
Net sales	1,349.1	925.3	203.7	110.6	122.4					2,711.2
Adjusted operating income (1)	225.6	101.5	42.3	N/A	21.2					
Operating income before R&D	N/A	N/A	N/A	42.7	N/A					
Other recurring operating items	0.0	0.0	(0.7)	(13.1)	(0.4)					
<b>Operating income</b>	<b>225.6</b>	<b>101.5</b>	<b>41.6</b>	<b>29.5</b>	<b>20.8</b>				<b>(18.9)</b>	<b>400.1</b>
Finance costs, net	(17.2)	(71.0)	(13.4)	(0.2)	(6.2)				(158.1)	(266.0)
Other financial income and expenses	2.0	(0.6)	4.6	0.0	0.0				4.1	10.1
Tax expense	(57.5)	(15.4)	(1.0)	(9.2)	(5.6)				0.0	(88.8)
Share of net income from equity-method investments	(0.1)	0.0	0.0	0.0	0.1	102.2	62.7	0.0	0.0	164.9
Net income from discontinued operations and operations held for sale	0.0	0.0	0.0	0.0	0.0				0.0	0.0
<b>Recurring net income from business sectors</b>	<b>152.8</b>	<b>14.5</b>	<b>31.7</b>	<b>20.2</b>	<b>9.2</b>	<b>102.2</b>	<b>62.7</b>	<b>0.0</b>	<b>(172.9)</b>	<b>220.3</b>
Recurring net income from business sectors - minority interests	75.1	4.0	6.4	10.9	0.6				0.2	97.1
<b>Recurring net income from business sectors - Group share</b>	<b>77.7</b>	<b>10.5</b>	<b>25.4</b>	<b>9.3</b>	<b>8.6</b>	<b>102.2</b>	<b>62.7</b>	<b>0.0</b>	<b>(173.1)</b>	<b>123.2</b>
<b>Non-recurring income</b>										
Operating income	(35.5)	(16.4)	(29.3)	0.0	(15.6)				4.1	(92.8)
Net financial income (expense)		(11.9)	(6.8)	0.0	(9.1)				148.9	121.0
Tax expense	11.3	3.9	6.0	0.0	5.3				(0.1)	26.3
Share of net income from equity-method investments	0.0	0.0	0.0	0.0	0.0	(55.6)	(14.6)	0.0	(5.3)	(75.5)
Net income from discontinued operations and operations held for sale	0.0	0.0	0.0	0.0	0.0					
<b>Non-recurring net income</b>	<b>(24.2)</b>	<b>(24.4)</b>	<b>(30.1)</b>	<b>0.0</b>	<b>(19.5)</b>	<b>(55.6)</b>	<b>(14.6)</b>	<b>0.0</b>	<b>147.6</b>	<b>(20.9)</b>
of which:										
- Non-recurring items	(0.7)	(17.1)	(13.7)	0.0	(10.4)	(3.7)	(12.5)	0.0	(a) 147.6	89.5
- Impact of goodwill allocation	(23.5)	(7.3)	(9.4)	0.0	(9.1)	(41.5)	(2.2)	0.0		(93.0)
- Asset impairment			(7.0)	0.0	0.0	(10.4)	0.0	0.0		(17.4)
Non-recurring net income - minority interests	(11.6)	(6.0)	(3.2)	0.0	(1.3)				(0.2)	(22.2)
<b>Non-recurring net income - Group share</b>	<b>(12.6)</b>	<b>(18.5)</b>	<b>(27.0)</b>	<b>0.0</b>	<b>(18.2)</b>	<b>(55.6)</b>	<b>(14.6)</b>	<b>0.0</b>	<b>147.7</b>	<b>1.3</b>
<b>Consolidated net income</b>	<b>128.5</b>	<b>(9.9)</b>	<b>1.6</b>	<b>20.2</b>	<b>(10.3)</b>	<b>46.6</b>	<b>48.1</b>	<b>0.0</b>	<b>(25.4)</b>	<b>199.4</b>
Consolidated net income - minority interests	63.4	(2.0)	3.2	10.9	(0.7)				0.0	74.9
<b>Consolidated net income - Group share</b>	<b>65.1</b>	<b>(7.9)</b>	<b>(1.6)</b>	<b>9.3</b>	<b>(9.6)</b>	<b>46.6</b>	<b>48.1</b>	<b>0.0</b>	<b>(25.4)</b>	<b>124.5</b>

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

(a) includes gain of €105.6 million on sale and change in fair value of Saint-Gobain puts.



## Income statement by operating segment for the first half of 2009

	Bureau Veritas	Materis	Deutsch	Oranje-Nassau	Stallergenes	Equity-method investments			Holding companies	Total Business sectors
						Saint-Gobain	Legrand	Stahl		
<b>Net income from business sectors</b>										
Net sales	1,329.5	860.7	170.1		97.6					2,457.9
Adjusted operating income (1)	214.5	94.2	20.7		N/A					
Operating income before R&D	N/A	N/A	N/A	N/A	37.3					
Other recurring operating items	4.4	2.0	(2.3)		(17.3)					
Operating income	218.9	96.2	18.4	(1.3)	20.0				(26.0)	326.1
Finance costs, net	(21.7)	(73.9)	(23.3)	(0.6)	(0.4)				(167.4)	(287.3)
Other financial income and expenses	(3.6)	(0.7)	0.6	(0.2)	(0.4)				(6.2)	(10.5)
Tax expense	(52.2)	(11.3)	(5.8)	0.2	(5.7)				(0.1)	(74.9)
Share of net income from equity-method investments	(0.0)	0.1	0.0	0.0	0.0	41.6	51.1	0.0	0.0	92.7
Net income from discontinued operations and operations held for sale	0.0	0.0	0.0	15.7	0.0				0.0	15.7
<b>Recurring net income from business sectors</b>	<b>141.3</b>	<b>10.5</b>	<b>(10.1)</b>	<b>13.8</b>	<b>13.4</b>	<b>41.6</b>	<b>51.1</b>	<b>0.0</b>	<b>(199.7)</b>	<b>61.8</b>
Recurring net income from business sectors - minority interests	64.0	0.5	0.8	0.0	7.2				0.1	72.6
<b>Recurring net income from business sectors - Group share</b>	<b>77.3</b>	<b>10.0</b>	<b>(10.9)</b>	<b>13.8</b>	<b>6.2</b>	<b>41.6</b>	<b>51.1</b>	<b>0.0</b>	<b>(199.8)</b>	<b>(10.8)</b>
<b>Non-recurring income</b>										
Operating income	(38.1)	(46.1)	(51.1)	(0.6)	0.0				(a)	(23.0)
Net financial income (expense)	(2.9)	(11.2)	9.2	1.4	0.0				113.0	182.1
Tax expense	16.0	5.6	26.4	0.2	0.0				(d)	185.5
Share of net income from equity-method investments	0.0	0.0	0.0	0.0	0.0	(1,496.2)	(17.6)	(2.5)	0.0	(1,516.4)
Net income from discontinued operations and operations held for sale	0.4	0.0	0.0	(e)	0.0				0.0	346.0
				345.6						
<b>Non-recurring net income</b>	<b>(24.5)</b>	<b>(51.8)</b>	<b>(15.5)</b>	<b>346.5</b>	<b>0.0</b>	<b>(1,496.2)</b>	<b>(17.6)</b>	<b>(2.5)</b>	<b>298.5</b>	<b>(963.1)</b>
of which:										
- Non-recurring items	(2.4)	(12.1)	(1.4)	346.5	0.0	(b) - 745.0	(8.8)	(2.5)	298.5	(127.2)
- Impact of goodwill allocation	(22.1)	(6.6)	(8.6)	0.0	0.0	(46.2)	(3.9)	0.0	0.0	(87.4)
- Asset impairment	0.0	(33.0)	(5.4)	0.0	0.0	(c) - 705.0	(5.0)	0.0	0.0	(748.5)
Non-recurring net income - minority interests	(10.9)	0.0	(3.1)	0.0	0.0				0.0	(14.0)
<b>Non-recurring net income - Group share</b>	<b>(13.7)</b>	<b>(51.8)</b>	<b>(12.4)</b>	<b>346.5</b>		<b>(1,496.2)</b>	<b>(17.6)</b>	<b>(2.5)</b>	<b>298.5</b>	<b>(949.1)</b>
<b>Consolidated net income</b>	<b>116.7</b>	<b>(41.3)</b>	<b>(25.6)</b>	<b>360.3</b>	<b>13.4</b>	<b>(1,454.6)</b>	<b>33.4</b>	<b>(2.5)</b>	<b>98.9</b>	<b>(901.3)</b>
Consolidated net income - minority interests	53.1	0.5	(2.3)	0.0	7.2				0.1	58.6
<b>Consolidated net income - Group share</b>	<b>63.7</b>	<b>(41.7)</b>	<b>(23.3)</b>	<b>360.3</b>	<b>6.2</b>	<b>(1,454.6)</b>	<b>33.4</b>	<b>(2.5)</b>	<b>98.7</b>	<b>(959.8)</b>

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

(a) includes gain of €118.4 million on sale of Bureau Veritas block.

(b) includes Saint-Gobain dilution loss of €741.6 million.

(c) includes impairment losses of €691.9 million on Saint-Gobain assets and €13.1 million at Saint-Gobain.

(d) includes a €136.4 million increase in the fair value of Saint-Gobain puts, a €65.5 million gain on the sale of Saint-Gobain warrants and a €13.9 million loss on a change in the fair value of interest rate swaps.

(e) includes €345.6 million gain on sale of Oranje-Nassau's oil and gas activities.

## Balance sheet by operating segment as of June 30, 2010

	Bureau Veritas	Deutsch	Materis	Staller-genes	Stahl	Saint-Gobain	Legrand	Wendel and holding companies	Eliminations and unallocated	Consolidated
Goodwill, net	1,416.7	322.5	823.9	34.3	29.8	0.0	0.0	0.0		2,627.2
Intangible assets, net	449.0	213.1	772.9	6.9	84.7	0.0	0.0	0.3		1,527.0
Property, plant & equipment, net	220.4	96.6	500.5	57.8	101.0	0.0	0.0	8.3		984.7
Non-current financial assets	37.7	4.3	21.2	0.5	1.0	0.0	0.0	528.1		592.8
Pledged cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	667.0		667.0
Non-current financial assets	37.7	4.3	21.2	0.5	1.0	0.0	0.0	1,195.2		1,259.9
Equity-method investments	0.5	0.0	3.1	0.0	1.8	4,608.8	505.5	15.5		5,135.1
Deferred tax assets	63.4	0.4	54.3	3.1	3.2	0.0	0.0	0.3		124.6
<b>Non-current assets</b>	<b>2,187.6</b>	<b>636.9</b>	<b>2,175.9</b>	<b>102.7</b>	<b>221.6</b>	<b>4,608.8</b>	<b>505.5</b>	<b>1,219.5</b>		<b>11,658.4</b>
<b>Assets and operations held for sale</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>5.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>5.1</b>
Inventories and work-in-progress	0.0	88.3	257.6	19.9	52.0	0.0	0.0	0.0		417.8
Trade receivables	787.6	74.4	412.7	20.1	79.1	0.0	0.0	0.8		1,374.6
Other current assets	104.5	8.8	79.3	4.4	11.2	0.0	0.0	8.1		216.2
Current income tax assets	26.6	0.7	0.0	3.6	0.2	0.0	0.0	4.1		35.2
Other current financial assets	76.5	0.2	3.5	0.0	0.0	0.0	0.0	394.0		474.1
Pledged cash and cash equivalents	169.1	70.7	77.7	41.3	13.8	0.0	0.0	614.5		987.2
Other current financial assets	245.6	70.9	81.2	41.3	13.8	0.0	0.0	1,008.5		1,461.3
<b>Current assets</b>	<b>1,164.3</b>	<b>243.1</b>	<b>830.7</b>	<b>89.2</b>	<b>156.3</b>	<b>0.0</b>	<b>0.0</b>	<b>1,021.4</b>		<b>3,505.1</b>
<b>Total assets</b>										<b>15,168.7</b>
Shareholders' equity - Group share									1,512.8	1,512.8
Minority interests									507.4	507.4
<b>Total shareholders' equity</b>									<b>2,020.2</b>	<b>2,020.2</b>
Provisions	177.5	16.2	41.2	3.2	18.0	0.0	0.0		34.0	290.1
Financial debt	833.0	538.5	1,879.1	7.7	203.3	0.0	0.0		6,391.9	9,853.5
Other financial liabilities	1.0	5.5	8.8	0.0	5.6	0.0	0.0		328.6	349.5
Deferred tax liabilities	119.1	3.5	413.8	3.1	23.6	0.0	0.0		0.0	563.1
<b>Total non-current liabilities</b>	<b>1,130.5</b>	<b>563.7</b>	<b>2,342.9</b>	<b>14.0</b>	<b>250.5</b>	<b>0.0</b>	<b>0.0</b>		<b>6,754.5</b>	<b>11,056.3</b>
<b>Liabilities of operations held for sale</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>	<b>0.0</b>
Provisions	0.0	5.7	7.3	2.4	0.0	0.0	0.0		0.0	15.4
Financial debt	109.0	21.0	34.5	8.6	17.5	0.0	0.0		475.9	666.4
Other financial liabilities	25.3	0.0	20.8	0.0	0.0	0.0	0.0		(0.0)	46.1
Trade payables	182.5	33.4	287.8	25.0	39.6	0.0	0.0		5.2	573.5
Other payables	470.1	27.9	155.0	19.5	23.9	0.0	0.0		11.0	707.4
Current income tax liabilities	66.3	3.5	6.9	5.9	0.8	0.0	0.0		0.0	83.5
<b>Total current liabilities</b>	<b>853.2</b>	<b>91.5</b>	<b>512.3</b>	<b>61.4</b>	<b>81.7</b>	<b>0.0</b>	<b>0.0</b>		<b>492.1</b>	<b>2,092.2</b>
<b>Total liabilities and shareholders' equity</b>										<b>15,168.7</b>

## Balance sheet by operating segment as of December 31, 2009

	Bureau Veritas	Deutsch	Materis	Staller-genes	Stahl	Saint-Gobain	Legrand	Wendel and holding companies	Eliminations and unallocated	Consolidated
Goodwill, net	1,312.6	296.7	814.8	34.3	0.0	0.0	0.0	0.0		2,458.4
Intangible assets, net	468.2	195.0	769.6	6.7	0.0	0.0	0.0	0.3		1,439.5
Property, plant & equipment, net	208.2	96.3	477.9	56.4	0.0	0.0	0.0	8.3		847.1
Non-current financial assets	31.5	12.8	11.6	0.5	0.0	0.0	0.0	528.1		430.6
Pledged cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,823		682.3
Non-current financial assets	31.5	12.8	11.6	0.5	0.0	0.0	0.0	1,195.2		1,112.9
Equity-method investments	0.7	0.0	3.1	0.0	0.0	4,364.9	467.5	15.5		4,836.2
Deferred tax assets	66.3	17.7	48.1	2.3	0.0	0.0	0.0	0.3		134.7
<b>Non-current assets</b>	<b>2,087.4</b>	<b>618.5</b>	<b>2,125.2</b>	<b>100.2</b>	<b>0.0</b>	<b>4,364.9</b>	<b>467.5</b>	<b>1,219.5</b>		<b>10,828.8</b>
<b>Assets and operations held for sale</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
Inventories and work-in-progress	0.0	63.0	220.5	18.9	0.0	0.0	0.0	0.0		302.5
Trade receivables	712.1	59.2	317.2	22.7	0.0	0.0	0.0	0.8		1,111.9
Other current assets	87.0	8.9	63.7	5.3	0.0	0.0	0.0	8.1		172.2
Current income tax assets	16.4	0.7	0.0	6.8	0.0	0.0	0.0	4.1		30.9
Other current financial assets	21.5	1.1	0.2	0.0	0.0	0.0	0.0	394.0		37.8
Pledged cash and cash equivalents	147.0	51.3	56.9	22.4	0.0	0.0	0.0	614.5		1,758.8
Other current financial assets	168.5	52.4	57.1	22.4	0.0	0.0	0.0	1,008.5		1,796.6
<b>Current assets</b>	<b>983.9</b>	<b>184.2</b>	<b>658.5</b>	<b>76.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,021.4</b>		<b>3,414.1</b>
<b>Total assets</b>										<b>14,243.0</b>
Shareholders' equity - Group share									1,154.1	1,154.1
Minority interests									426.5	426.5
<b>Total shareholders' equity</b>									<b>1,580.7</b>	<b>1,580.7</b>
Provisions	190.8	14.7	38.6	2.1	0.0	0.0	0.0	34.0		280.8
Financial debt	740.8	22.4	1,791.6	8.5	0.0	0.0	0.0	6,391.9		9,697.5
Other financial liabilities	0.7	6.0	18.9	0.0	0.0	0.0	0.0	328.6		149.3
Deferred tax liabilities	137.3	26.2	405.6	2.8	0.0	0.0	0.0	0.0		571.9
<b>Total non-current liabilities</b>	<b>1,069.6</b>	<b>69.4</b>	<b>2,254.6</b>	<b>13.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6,754.5</b>		<b>10,699.4</b>
<b>Liabilities of operations held for sale</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
Provisions	0.0	4.8	5.9	1.5	0.0	0.0	0.0	0.0		12.2
Financial debt	85.5	521.0	19.5	9.1	0.0	0.0	0.0	475.9		702.0
Other financial liabilities	51.1	0.0	16.3	0.0	0.0	0.0	0.0	(0.0)		67.4
Trade payables	179.9	19.4	237.5	28.0	0.0	0.0	0.0	5.2		472.0
Other payables	455.5	23.3	134.5	19.8	0.0	0.0	0.0	11.0		649.6
Current income tax liabilities	53.3	1.2	3.9	1.1	0.0	0.0	0.0	0.0		59.7
<b>Total current liabilities</b>	<b>825.4</b>	<b>569.6</b>	<b>417.6</b>	<b>59.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>492.1</b>		<b>1,962.9</b>
<b>Total liabilities and shareholders' equity</b>										<b>14,243.0</b>

**Cash flow statement by business segment for the first half of 2010**

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

**Cash flow statement by business segment for the first half of 2009**

in millions of euros	Bureau Veritas	Deutsch	Materis	Oranje-Nassau	Staller-genes	Wendel and holding companies	Eliminations and unallocated	Total Group
Net cash flows from operating activities, excl. tax	229.7	50.7	67.7	-4.3	25.2	-20.2		348.8
Net cash flows from investing activities, excl. tax	-58.3	-5.9	-26.8	464.4	-9.4	318.1	-43.3	639.0
Net cash flows from financing activities, excl. tax	-183.4	-25.7	43.7	-97.4	-4.9	-574.6	43.3	-799.1
Net cash flows related to taxes	-35.5	-2.1	-5.4	-1.6	-1.2	-0.1	.	-45.9

**NOTE 25 – SUBSEQUENT EVENTS**

None

## **Statutory Auditors' report**

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

Statutory Auditor  
Member of the *Compagnie Régionale de Versailles*

Ernst & Young Audit  
Faubourg de l'Arche  
11, allée de l'Arche  
92037 Paris-La-Défense Cedex  
S.A.S. (simplified share company) with variable share capital

Statutory Auditor  
Member of the *Compagnie Régionale de Versailles*

## Wendel

Statutory Auditors' review report on the interim financial information  
For the six-month period ended June 30, 2010

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

To the Shareholders,

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

- the review of the accompanying condensed interim consolidated financial statements of Wendel, for the six months ended on June 30, 2010;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Executive Board. They were prepared in a context of economic crisis, which had already existed at December 31, 2009. Our role is to express a conclusion on these financial statements based on our review.

### 1. Conclusion on the financial statements

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

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

Without qualifying our conclusion, we draw your attention to the following items:

- Note 2 to the consolidated financial statements "Impairment test on equity-method investments: Saint-Gobain", which describes the methods used to value the interest held in Saint-Gobain based on value in use in accordance with IFRS, and in particular to the following points:
  - the value in use of the interest in Saint-Gobain was valued by your company at June 30, 2010, taking into account the facts and circumstances at the end of the reporting period and the information available at the date the financial statements were approved;
  - the uncertainties with regard to the outlook for the global economy make forecasting difficult, and actual amounts could vary from the forecasts established within the scope of the impairment test. It is therefore possible that the value in use of the interest held will be different from that determined on the basis of the assumptions and estimates applied at June 30, 2010;
  - the sensitivity analysis in the event of a +/- 0.5% change in the discount rate and the sensitivity analysis in the event of a +/- 0.5% change in the long-term growth rate.
- Note 4.D to the consolidated financial statements "Financial assets and liabilities (excluding financial debt and operating receivables and payables) - Derivatives" concerning derivatives used to hedge against a fall in the price of Saint-Gobain shares, which indicates that these instruments are valued in accordance with IAS 39 on the basis of market inputs at the end of the reporting period and their impact on the financial statements.

## **2. Specific verification**

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

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

Neuilly-sur-Seine and Paris-la Defense, August 31, 2010

The Statutory Auditors

PricewaterhouseCoopers Audit

Etienne Boris

Ernst & Young Audit

Jean-Pierre Letartre

Intentionally left blank



# Certification

# Wendel

## Certification

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

Paris, August 31, 2010.

Frederic Lemoine - Chairman of the Executive Board

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