



W E N D E L

# **Interim Report for the first half of 2009**

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**Management report for the first half of 2009**

**Net Asset Value (NAV)**

**Condensed consolidated financial statements for the first half of 2009**

**Auditors Report**

**Certification**

*“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.”*

## **Management report for the first half of 2009**

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# 1 – Management report

## Consolidated H1 2009 results

(in €M)	H1 2008	H1 2009	Δ
Consolidated subsidiaries	507.4	261.5	-48.5%
Financing, operating expenses and taxes	(204.1)	(199.7)	-2.2%
Net income from business sectors <sup>(1)</sup>	303.2	61.8	-79.6%
<b>Net income from business sectors, Group share</b>	<b>238.4</b>	<b>(10.8)</b>	<b>NS</b>
Non-recurring items	62.3	(963.1)	NS
Total net income	365.3	(901.3)	NS
<b>Net income, Group share</b>	<b>313.8</b>	<b>(959.8)</b>	<b>NS</b>

(1) Net income before goodwill and non-recurring items, in accordance with the method described in the 2008 annual report (page 78)

## Net income from business sectors

	(in €M)	H1 2008	H1 2009	Δ
Full consolidation	Bureau Veritas	111.0	141.3	+27.3%
	Materis	32.6	10.5	-67.9%
	Deutsch	17.7	(10.1)	NS
	Stallergenes	12.0	13.4	+11.7%
	Editis	(5.3)	-	NS
	Oranje-Nassau	42.3	13.8	-67.4%
Equity-accounted	Saint-Gobain	217.9	41.6	-80.9%
	Legrand	75.6	51.1	-32.5%
	Stahl	3.6	0	NS
	<b>Sub-total</b>	<b>507.4</b>	<b>261.5</b>	<b>-48.5%</b>
	Operating expenses	(21.2)	(22.0)	+3.8%
	Other	2.0	(0.9)	NS
	Net interest expense	(34.3)	(56.0)	+63.3%
	Saint-Gobain financing structure <sup>(2)</sup>	(150.7)	(120.7)	-19.9%
	<b>Sub-total</b>	<b>(204.1)</b>	<b>(199.7)</b>	<b>-2.2%</b>
	Net income from business sectors <sup>(1)</sup>	303.2	61.8	-79.6%
	<b>of which Group share <sup>(1)</sup></b>	<b>238.4</b>	<b>(10.8)</b>	<b>NS</b>

(1) Net income before goodwill and non-recurring items, in accordance with the method described in the 2008 annual report (page 78)

(2) The finance costs of the investment in Saint-Gobain, previously deducted from the contribution to Wendel's net income, is now presented in a separate line

In a context of financial and economic crisis, the Group's consolidated sales held steady during the first half of 2009, dipping only 1.2% to €2,458 million, owing in particular to the excellent performance of Bureau Veritas and Stallergenes. Associated companies (equity-accounted) experienced much more significant declines in sales.

The economic contribution of all companies in the Group totaled €261.5 million, down 48.5% compared with the year-earlier period. The contributions of Bureau Veritas and Stallergenes to Wendel's earnings rose by 27.3% and 12.1%, respectively. Conversely, the contribution of companies positioned in various segments of the construction industry (Materis, Saint-Gobain, Legrand) as well as that of Deutsch and Stahl, faced with massive destocking on the part of their customers, contracted sharply. Finally, the oil & gas business of Oranje-Nassau was only included for the first four months of 2009 until it was sold, explaining, together with the decline in oil prices, why its contribution declined. In this context, all of the expenses related to the financial structure and operations remained under control, at a level slightly below that of the previous year. Net income from business sectors totaled €61.8 million, and the Group share thereof was a loss of €10.8 million.

### **Non-recurring income**

Non-recurring items represented a net loss of €963.1 million. On the one hand, they included positive items, principally gains on asset sales, in particular €464 million deriving from the sale of the oil & gas business of Oranje-Nassau and a block of Bureau Veritas shares, €65.5 million in proceeds from the sale of Saint-Gobain share warrants, and €136.4 million from the revaluation of Saint-Gobain hedges. On the other hand they included very significant reductions in book values: €748.5 million in asset impairment losses (incl. €705 million on Saint-Gobain) and €741.6 million in dilution losses caused by Saint-Gobain's capital increases. These impairments and losses had no impact on the Group's cash position nor on its net asset value.

### **Wendel's subsidiaries and affiliates were affected differently by the economic recession.**

#### **Bureau Veritas: Growth in operating margin**

Sales of Bureau Veritas totaled €1,330 million in H1 2009, up 10.9% over H1 2008. Organic growth came in at 6.0%, resulting from strong advances in the Consumer Products, Marine and Industry divisions.

In the first half of 2009, the adjusted operating margin widened by 110 basis points to 16.1% of sales. These favorable performances reflected the effectiveness of cost control programs and process improvement implemented over the past year in response to deterioration in the economic environment. Owing to successful efforts to reduce debt, interest expense rose only slightly, and

Bureau Veritas' overall contribution to Wendel's net income from business sectors posted a robust rise of 27.3% to €141.3 million.

Bureau Veritas' business will continue to grow throughout 2009, but at a slower rate in the 2<sup>nd</sup> half, because the slowdown in the Construction and Mining & Minerals businesses will impact negatively, and because the Marine and Consumer Products divisions will perform more moderately. Bureau Veritas is now projecting that its operating margin will widen in 2009, compared with the 15.2% margin achieved in 2008.

### **Materis: Adjusted operating margin held up very well.**

Sales of Materis in the first half of 2009 totaled €861 million, down 10.7% compared with the year-earlier period. Organically, sales contracted by 10.9%, held back by a sharp decline in volume (14.0%) deriving from the underlying construction and steel production markets and amplified by destocking.

Adjusted operating income was resilient at €94 million, or 10.9% of sales. A price/mix effect as well as the impact of programs to reduce fixed costs (production, logistics and overheads), implemented in 2008, led to an improvement in the gross profit. The contribution to net income from business sectors was €10.5 million.

With the support of Wendel, Materis strengthened its balance sheet with a capital increase of €45 million subscribed by Wendel and Materis' executive-investors, enabling it to restructure its bank debt successfully. As a result, Materis has protected its cash position until 2013, adjusted its bank covenants to the economic environment and obtained an additional credit line of €100 million. Materis is actively pursuing its adaptation plans (optimizing the product mix, adjusting the cost structure and managing cash flow).

### **Deutsch: Very adaptable to difficult markets**

Deutsch's sales for the first half of 2009 declined by 28.1% to €170.1 million. Deutsch suffered a sharp decline in its business, with organic growth down 33.7% compared with H1 2008, principally because of the significant decline in industrial activity.

The sharp decline in sales translated into lower adjusted operating income of €20.7 million. Deutsch accentuated its efforts to adapt to the recession, implementing restructuring plans with, in particular, a reduction in working time and the closing of two production sites. As a result, it managed to limit the contraction in its operating margin from 20.7% to 12.1% of sales.

After taking interest expense into account, Deutsch's contribution to Wendel's net income from business sectors was €-10 million.

Signs of stabilization have appeared, and since June 2009, there has been a gradual recovery in industrial orders.

### **Stallergenes: Excellent performance and objectives exceeded**

Stallergenes' sales for the first half of 2009 totaled €97.6 million. Organic growth was 11% and resulted from regular increases in sublingual route therapy and from the successful launch of Oralair<sup>®</sup> in Germany. During the first half, five years of research were rewarded with positive results in the phase IIb/III adult clinical trial on Stallergenes' sublingual dust mite desensitization tablet. In addition, the mutual recognition procedure for Oralair<sup>®</sup> was launched and should enable Stallergenes to rapidly obtain registration in most European countries.

Operating income before R&D advanced by 16% to €37.3 million. Stallergenes' contribution to Wendel's net income from business sectors rose 12.1% to €13.4 million.

Stallergenes continued to strengthen its leadership in Europe. For 2009, the company maintains its 10% growth target and against a background of high R&D expenditure, aims to maintain its operating income at the high level achieved in 2008.

### **Saint-Gobain: Acceleration and strengthening of cost-reduction plan**

*(Equity method)*

In the first half of 2009, Saint-Gobain posted consolidated sales of €18,715 million, down 15.5% compared with the year-earlier period. This decline reflected a 17.2% contraction in sales volumes, partially offset by favorable trends in prices, which rose 1.7%. In this difficult environment, the business of the Packaging division was remarkably resilient.

Operating income declined by 53.6% and stood at 5.0% of sales. Pre-tax income came to €210 million, down 80.9% compared with the first half of 2008. The contribution from Saint-Gobain to Wendel's net income from business sectors declined by €217.9 million to €41.6 million.

Faced with this unprecedented slowdown, Saint-Gobain has implemented a strengthened version of the action plan it announced at the start of the year. For all of 2009, this plan aims to achieve €1.1 billion in savings compared with 2008, bringing the total of cost savings over 2008 and 2009 to €1.5 billion. This action plan further optimizes cash generation, by controlling operating working capital requirements, significantly reducing capital expenditures and suspending acquisition projects. By

implementing these plans and increasing capital by €1.5 billion, Saint-Gobain was able to reduce its debt by €2.4 billion compared with a year earlier.

Saint-Gobain will continue to pursue this plan and to grow in emerging market countries. These factors, together with its sound financial structure, will enable Saint-Gobain to take full advantage of its leadership positions when the recovery takes hold.

### **Legrand: Adjusted operating margin held up remarkably well**

*(Equity method)*

Legrand's first-half sales totaled €1,812.1 million, down 16.7% like-for-like compared with H1 2008. This resulted from sharp deterioration in end-user markets and because of destocking in certain regions. Despite a very difficult environment, there was a favorable trend toward higher quality products, and pricing was well managed. In all geographic areas, the new product ranges were very well received.

Adjusted, recurring operating income was €306.6 million, or 16.9% of sales, vs. 18.7% in the first half of 2008. This represented good resilience in the face of a sharp business slowdown. Excluding R&D, costs were reduced by 17%<sup>(1)</sup> in the first half, in line with the trend in sales.

As a percentage of sales, R&D, composed essentially of development costs, represented nearly 5% of sales during the period. The contribution to net income from business sectors was €51.1 million.

In addition to maintaining margins, Legrand controlled capital expenditures and was rigorous in its management of working capital requirements, which declined by €27 million compared with the end of last year. Working capital requirements were particularly low at June 30, 2009. Generating a high level of cash in this manner enabled Legrand to reduce its net debt by €428 million compared with end-June 2008.

### **Stahl: Stepped-up effort to adjust to a very adversely affected market**

*(Equity method)*

Stahl posted sales of €111 million for the first half of 2009, down 32.5% compared with the year-earlier period, which had been particularly robust. The first quarter constituted the nadir, with weakness in all end-user markets. Stahl has experienced a progressive recovery in sales since April 2009. The group's adjusted operating margin was nevertheless narrower than in H1 2008 and represented 6.4% of sales.



### **Increased financial flexibility for Wendel**

Since the start of the year, Wendel has mobilized €781 million from strategic asset sales (oil & gas assets of Oranje-Nassau) and from adjusting its investment in Bureau Veritas (sale of a 10% block). In addition, Wendel has repaid or repurchased €187 million in debt prior to maturity and €279 million in Capgemini exchangeable bonds. In addition, the company drew down €107M under one of its lines of credit to finance its participation in Saint-Gobain's rights issue.

As a result, during the first half of 2009, Wendel increased its financial flexibility. Its cash position rose from €2,311 million as of December 31, 2008, of which €1,400 million was pledged, to €2,553 million as of June 30, 2009, of which €1,241 million was pledged.

Since June 30, 2009, Wendel has successfully pursued a strategy aimed at extending the maturity of its financing, renewing its unused bank lines and optimizing its risk management.

In this way, the maturity of two Saint-Gobain financing tranches totaling €1,255 million was extended for an average of three years, as follows:

- €800 million in bank debt maturing in June 2011 was extended for four years to June 2015;
- €145 million of a €600 million bank borrowing maturing in December 2013 was repaid at the beginning of the year, and the balance of €455 million was extended in equal portions to June 2014 and June 2015<sup>(2)</sup>.

In addition, Wendel extended an undrawn line of credit maturing on June 30, 2009 for €600 million<sup>(2)</sup>. This line, which can be used to manage and refinance Wendel's investment in Saint-Gobain, can now be drawn down until December 2013 and will mature in equal portions in June 2014 and June 2015.

As of August 26, 2009, Wendel's cash position totaled €2,562 million, of which €1,119 million was pledged.

<sup>(1)</sup> *sum of production and sales & administrative costs (excl. R&D) on a like-for-like basis*

<sup>(2)</sup> *subject to approval of contractual documentation*

### **Renegotiation of financing continues in an effort to accompany subsidiaries**

After Materis obtained an agreement on June 25 to renegotiate its debt, Deutsch, supported by Wendel, signed an agreement with all of its lenders on August 12 (100% of senior and mezzanine lenders), with two main features:

- Until March 2010, stabilization of capital and bank relationships. During this transition period, interim covenants will be applied, and a collateral account will be created, limited to €32 million, of which €29 million will be provided by Wendel;
- At the end of this initial phase, new long-term conditions will be negotiated.

In view of its current level of indebtedness, Stahl is in discussions with its creditor banks so as to optimize its financial structure. As a responsible, long-term investor, Wendel intends to provide support to Stahl also to help it weather the current recession.

## Conversion from accounting presentation to economic presentation

in €M	Income from equity investments	Holding co. Costs	Non-recurring income				Consolidated net income
			Non-recurring	Impact of goodwill allocation	Asset impairment	Total	
<b>Net sales</b>	<b>2,457.9</b>	-	-	-	-	-	<b>2,457.9</b>
<b>Operating income</b>	<b>352.2</b>	<b>(26.0)</b>	<b>95.0 (a)</b>	<b>(53.6)</b>	<b>(64.4) (b)</b>	<b>(23.0)</b>	<b>303.2</b>
Finance costs, net	(119.9)	(167.4)	(3.7)	-	-	(3.7)	(291.0)
Other financial income and expenses	(4.3)	(6.2)	185.8 (c)	-	-	185.8	175.4
Tax expense	(74.9)	(0.1)	6.0	16.2	25.9	48.1	(26.8)
Share of net income from equity-method investments	92.7	-	(756.3) (e)	(50.1)	(710.0) (d)	(1,516.4)	(1,423.7)
<b>Net income from continuing operations</b>	<b>245.8</b>	<b>(199.7)</b>	<b>(473.1)</b>	<b>(87.4)</b>	<b>(748.5)</b>	<b>(1,309.0)</b>	<b>(1,262.9)</b>
Net income from discontinued operations and operations held for sale	15.7	-	346.0 (f)	-	-	346.0	361.7
<b>Net income</b>	<b>261.5</b>	<b>(199.7)</b>	<b>(127.2)</b>	<b>(87.4)</b>	<b>(748.5)</b>	<b>(963.1)</b>	<b>(901.3)</b>
Net income - minority interests	72.4	0.1	(2.6)	(10.8)	(0.6)	(14.0)	58.6
<b>Net income - Group share</b>	<b>189.0</b>	<b>(199.8)</b>	<b>(124.6)</b>	<b>(76.6)</b>	<b>(747.9)</b>	<b>(949.1)</b>	<b>(959.8)</b>

(a) Includes gain on sale of block of Bureau Veritas shares (€118.4M).

(b) Includes Materis (€-33.0M) and Deutsch (€-31.4M).

(c) Saint-Gobain dilution loss (€-741.6M).

(d) Includes impairment losses on Saint-Gobain assets (€-691.9M) and at Saint-Gobain (€-13.1M).

(e) Includes changes in fair value of Saint-Gobain puts (€+136.4M), gain on sale of Saint-Gobain share warrants (€+65.5M) and change in fair value of interest rate swaps (€-13.9M).

(f) Includes gain on sale of Oranje-Nassau's oil & gas business (€+345.6M).

## **2 – Parent company financial statements**

The net loss in the first half of 2009 in the parent company financial statements came to €1,049.7 million, and shareholders equity was €2,309.8 million at June 30, 2009, after recognizing the loss for the period and the dividend paid out in June 2009. The net loss included €1,002.8 million in impairments on intra-group loans that Wendel granted to the holding companies that lodge the Saint-Gobain investment. This exceptional loss was determined on the basis of a €44.3 per-share value for Saint-Gobain (i.e., the value in use applied to the June 30, 2009 consolidated accounts). €5.6 million in exceptional income was recognized on financial instruments. The net financial loss of €31.1 million included €29 million in net income from intra-group loans and €62 million in net external financing costs. The parent company posted an operating loss of €21 million.

## **3 – Other informations**

**Risk management, related party information and changes in consolidation scope** are included in the notes to the condensed.

**Net Asset Value (NAV)**

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## Net Asset Value (NAV)

### NAV as of August 26, 2009

(in €M)			August 26, 2009	May 31, 2009 <sup>(4)</sup>
Listed investments by company <sup>(1)</sup>	Number of shares <sup>(1)</sup>	Price <sup>(1)</sup>		
Saint-Gobain	89,812,635	€29.83	6,243	5,838
Bureau Veritas	56,293,260	€33.17	2,679	2,408
Legrand	80,583,964	€17.31	1,867	1,910
Stallergenes	6,081,392	€49.61	1,395	1,228
			302	292
Unlisted investments			180	166
Cash <sup>(2)</sup>			2,562	2,824
<b>Gross Asset Value</b>			<b>8,985</b>	<b>8,828</b>
Wendel bonds			(2,531)	(2,833)
Bank debt related to Saint-Gobain financing			(5,418)	(5,417)
Net value of protection related to Saint-Gobain financing <sup>(3)</sup>			839	984
<b>Net Asset Value</b>			<b>1,875</b>	<b>1,562</b>
Number of shares			50,436,175	50,366,600
<b>Net Asset Value per share</b>			<b>€37.2</b>	<b>€31.0</b>
Wendel share price: average of 20 most recent closing prices			€29.89	€30.46

(1) Number of shares and average of share prices calculated as of August 26, 2009

(2) Cash of Wendel and Saint-Gobain acquisition holding company, including €1,443M in unpledged cash as of August 26, 2009

(3) The hedges (purchases and sales of puts) cover 36% of Saint-Gobain shares held.

(4) NAV presented at June 5, 2009 shareholders meeting

## Methodology for calculating and reporting NAV

### 1. NAV reporting dates and reporting controls

A list of NAV valuation dates will be reported.

At each reporting date, the following verification and approval will be carried out on NAV:

- Statutory auditors verify compliance of NAV calculation methodology with the announced methodology and consistency with accounting data;
- Audit Committee reviews NAV, comparing Wendel's valuation of its unlisted investments with an independent valuation of these investments.

### 2. Presentation of NAV

<b>Presentation format (published with this level of detail)</b>	<b>Comments</b>
<b>Investment valuation date</b>	
<b>+ Unlisted investments</b>	Valuation based on market peer multiples based on the last 20 closing prices.
<b>+ Listed investments, including:</b> > Saint-Gobain > Legrand > Bureau Veritas > Stallergenes	The average of the last 20 market closing prices
<b>INVESTMENTS</b>	Gross value of investments
<b>TOTAL CASH (*)</b>	Free cash + pledged cash of Wendel and holding companies
<b>WENDEL'S BOND DEBT</b>	Nominal value plus accrued interest
<b>BANK DEBT RELATED TO SAINT-GOBAIN FINANCING</b>	Nominal value plus accrued interest
<b>VALUE OF SAINT-GOBAIN PUTS</b>	Net market value of puts based on the prices used for the Saint-Gobain shares
<b>NAV</b>	
<b>NUMBER OF WENDEL SHARES</b>	
<b>NAV / SHARE</b>	

(\*): Amount of free cash: €[X] million; amount of pledged cash: €[Y] 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 determined by the difference between

- (+) The Enterprise Value of investments and
- (-) The net financial debt of investments (nominal gross financial debt – cash)
- (-) The estimated amounts owed to executives under the co-investment agreement (based on the assumption that the company were sold at the valuation date and based on the value of the shareholders' equity at that date)

When net debt exceeds Enterprise Value, the value of shareholders' equity is held at zero if the debt is without recourse to Wendel.

**The ownership percentage of Wendel's holding** is determined on the basis of the initial breakdown in the investment between Wendel, the co-investors and the Executives.

**Enterprise Value** is obtained by multiplying

- measures of the company's operating profit by
- market capitalization multiples of peer companies, and by transaction multiples if that produces a more relevant valuation.

The operating profit measures used in the calculation are:

- Maintainable (recurrent) EBITDA as calculated by Wendel
- Maintainable (recurrent, pre-goodwill) EBITA as calculated by Wendel

The enterprise value used is the average of EBITDA and EBITA for the current year and the year prior to valuation. The reference years become the current year and the following year, once the budget for the following year is known.

**The market capitalization multiples of peers** are obtained by dividing

- Their enterprise values by
- Their EBITA and EBITDA of the reference years

**The enterprise value of peers** is obtained by adding

- (+) Market capitalization (average of the last 20 market closing prices)
- (+) Net financial debt (nominal gross financial debt – cash)

**Market peers are chosen** on the basis:

- Of data and reviews carried out by external service providers,
- Of information available within the invested companies and
- Reviews done by the in-house investment team

The same sample is used over time and is adjusted only when a peer is no longer relevant (it is then taken out of the sample) or when a company is newly considered to be a peer of the investment in question.

Non-representative multiples are taken out of the sample (e.g., during public offer periods or any other exceptional item affecting the various operating profit measures or the share price).

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

#### **4. Listed shares and cash**

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

**Shares held in treasury** that are earmarked for sale when stock options are exercised are valued at the strike price of the options or the market price, whichever is lower. Other treasury shares are valued at the average of the 20 most recent closing prices. If these shares are meant to be cancelled, NAV is used as the valuation basis.

**Cash of Wendel and the Investments includes:**

- Cash available at the valuation date, as well as
- Pledged cash

#### **5. Financial debt**

**Financial debt (i.e., Wendel's bond debt or 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 therefore not affected by changes in interest rates and credit ratings. Accordingly, the market value of **interest-rate swaps** embedded in the debt is not included.

#### **6. Saint-Gobain protections (puts)**

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



## 7. Other NAV components

**New investments, i.e. unlisted subsidiaries and affiliates**, are valued at their net purchase price during the first 12 months after acquisition. Thereafter they are valued in accordance with what is presented above.

**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 impairments, in the case of receivables, and at market value in the case of real estate or derivatives, with the exception of interest-rate swaps).

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

Net asset value does not reflect **control premiums** or **illiquidity discounts**. In addition, NAV 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.

**Condensed consolidated financial statements  
for the first half of 2009**

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## Statement of financial position

in millions of euros	Note	6.30.2009	12.31.2008
Goodwill, net	4	2,476.1	2,607.6
Intangible assets, net		1,471.8	1,509.7
Property, plant & equipment, net		836.7	1,061.6
Non-current financial assets	7	2,243.7	2,294.9
Equity-method investments	5	4,502.5	5,881.3
Deferred tax assets		137.0	168.5
<b>Total non-current assets</b>		<b>11,667.8</b>	<b>13,523.7</b>
<b>Assets and operations held for sale</b>		<b>-</b>	<b>20.6</b>
Inventories		331.7	373.0
Trade receivables		1,227.9	1,203.2
Other current assets		153.8	150.4
Current income tax		11.4	6.8
Other current financial assets	7	1,783.7	1,444.7
<b>Total current assets</b>		<b>3,508.5</b>	<b>3,178.0</b>
<b>Total assets</b>		<b>15,176.3</b>	<b>16,722.3</b>
Share capital		201.5	201.5
Share premiums		246.9	246.9
Retained earnings and other reserves		1,636.1	1,427.4
Net income for the period		-959.8	158.1
		1,124.6	2,033.8
Minority interests		353.8	283.7
<b>Total shareholders' equity</b>	8	<b>1,478.4</b>	<b>2,317.6</b>
Long-term provisions	9	244.3	357.2
Long-term borrowings and debt	10	10,719.3	11,318.4
Other non-current financial liabilities		195.7	150.3
Deferred tax liabilities		495.5	602.4
<b>Total non-current liabilities</b>		<b>11,654.8</b>	<b>12,428.4</b>
<b>Liabilities of operations held for sale</b>		<b>-</b>	<b>23.5</b>
Short-term provisions	9	22.2	9.3
Short-term borrowings and debt	10	773.0	624.8
Other current financial liabilities		65.9	62.1
Trade payables		484.5	555.0
Other current liabilities		620.1	618.1
Current income tax		77.3	83.6
<b>Total current liabilities</b>		<b>2,043.1</b>	<b>1,952.8</b>
<b>Total liabilities and shareholders' equity</b>		<b>15,176.3</b>	<b>16,722.3</b>

## Consolidated income statement

in millions of euros	Note	H1 2009	H1 2008
Net sales		2,457.9	2,486.6
Other income from operations		5.6	4.2
Operating expenses		-2,207.3	-2,209.5
<b><i>Income from ordinary activities</i></b>		<b>256.3</b>	<b>281.3</b>
Other operating income and expenses	11	46.9	7.2
<b><i>Operating income</i></b>		<b>303.2</b>	<b>288.5</b>
Income from cash and cash equivalents		18.8	52.0
Finance costs, gross		-309.8	-349.5
<i>Finance costs, net</i>	12	-291.0	-297.4
Other financial income and expenses	13	175.4	175.8
Tax expense	14	-26.8	-292.6
Share of net income from equity-method investments	15	-1,423.7	179.3
<b><i>Net income from continuing operations</i></b>		<b>-1,262.9</b>	<b>53.5</b>
Net income from discontinued operations and operations held for sale	16	361.7	311.9
<b><i>Net income</i></b>		<b>-901.3</b>	<b>365.3</b>
Net income - minority interests		58.6	51.5
<b><i>Net income - Group share</i></b>		<b>-959.8</b>	<b>313.8</b>
Basic earnings per share (in euros)		-19.11	6.25
Diluted earnings per share (in euros)		-19.14	6.19
Basic earnings per share from continuing operations (in euros)		-26.32	0.04
Diluted earnings per share from continuing operations (in euros)		-26.34	-0.01
Basic earnings per share from discontinued operations (in euros)		7.20	6.21
Diluted earnings per share from discontinued operations (in euros)		7.20	6.20

## Statement of recognized income and expenses

in millions of euros	H1 2009			H1 2008		
	Amounts, gross	Tax effects	Amounts, net	Amounts, gross	Tax effects	Amounts, net
Translation reserves (1)	111.4	-	111.4	-163.3		-163.3
Actuarial gains and losses (2)	-49.9	14.3	-35.6	-10.7	3.7	-7.0
Gains and losses on assets available for sale	-2.9	-	-2.9	36.3	-	36.3
Gains and losses on qualified hedges (3)	-2.7	-5.4	-8.1	20.2	43.5	63.7
Earnings previously recognized in shareholders' equity taken to the income statement (4)	-0.7	17.5	16.8			
<b>Income and expenses recognized directly in shareholders' equity (A)</b>	<b>55.1</b>	<b>26.5</b>	<b>81.6</b>	<b>-117.5</b>	<b>47.2</b>	<b>-70.2</b>
Net income for the year (B)			-901.3			365.3
<b>Total income and expenses recognized for the year (A) + (B)</b>			<b>-819.6</b>			<b>295.2</b>
Attributable to:						
-Shareholders of Wendel			-880.0			248.4
-Minority interests			60.3			46.8

(1) including 69.1 million related to Saint-Gobain, €23.2 million related to Bureau Veritas and €1.4 million related to Oranje-Nassau.

(2) including €48.1 million related to Saint-Gobain.

(3) including €20.7 million on a swap in the Eufor group, €9.5 million on derivatives at Bureau Veritas and €8.6 million at Saint-Gobain.

(4) including oil & gas derivatives and translation reserves taken to the income statement when Oranje-Nassau's oil & gas business was sold.

## Shareholders' equity

in millions of euros	Number of shares	Share capital	Share premiums	Treasury shares	Retained earnings and other	Translation adjustments	Group share	Minority interests	Total shareholders' equity
<b>Balance at December 31, 2007</b>	<b>50,218,410</b>	<b>201.3</b>	<b>244.8</b>	<b>-9.6</b>	<b>1,970.6</b>	<b>-74.9</b>	<b>2,332.1</b>	<b>248.4</b>	<b>2,580.5</b>
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	-226.4	-320.9	-547.3	-24.5	-571.8
Net income for the year (B)					158.1	-	158.1	69.1	227.2
Total income and expenses recognized during the period (A)+(B) (2)		-	-	-	-68.4	-320.9	-389.2	44.6	-344.7
Dividends paid (1)					-100.5		-100.5	-38.2	-138.7
Treasury shares	-42,846			-2.4			-2.4		-2.4
Cancellation of treasury shares							-		-
Capital increase							-		-
exercise of stock options	19,929	0.1	0.7				0.8		0.8
company savings plan	28,271	0.1	1.4				1.5		1.5
other					80.4		80.4		80.4
Share-based compensation: stock options (incl. equity method investments)					25.7		25.7	2.9	28.6
Changes in the scope of consolidation					-1.3	0.1	-1.2	24.7	23.5
Other					86.7		86.7	1.3	88.0
<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)		-	-	-	-32.7	112.6	79.9	1.8	81.6
Net income for the year (B)					-959.8	-	-959.8	58.6	-901.3
Total income and expenses recognized during the period (A)+(B) (2)		-	-	-	-992.6	112.6	-880.0	60.3	-819.6
Dividends paid (1)					-50.2		-50.2	-47.1	-97.4
Treasury shares	-19,315			-0.4			-0.4		-0.4
Cancellation of treasury shares							-		-
Capital increase							-		-
exercise of stock options	-						-		-
company savings plan	-						-		-
other	920	0.0			0.6		0.6		0.6
Share-based compensation: stock options (incl. equity method investments)					7.7		7.7	1.3	9.0
Changes in the scope of consolidation					0.1	-	0.1	55.3	55.4
Other					12.9		12.9	0.4	13.2
<b>Balance at June 30, 2009</b>	<b>50,205,369</b>	<b>201.5</b>	<b>246.9</b>	<b>-12.4</b>	<b>971.7</b>	<b>-283.1</b>	<b>1,124.6</b>	<b>353.8</b>	<b>1,478.4</b>

(1) Net dividend paid in 2009: €1.00 per share.

(2) see "Statement of recognized income and expenses".

## Consolidated cash flow statement

in millions of euros			
	Note	H1 2009	H1 2008
<b>Cash flows from operating activities</b>			
Net income		-901.3	365.3
Share of net income from equity-method investments		1,423.7	-179.3
Net income from discontinued operations and operations held for sale		-361.7	-258.4
Depreciation, amortization, provisions, and other non-cash items		189.6	135.9
Non-cash income and expense related to stock options and similar items		2.3	5.4
Expenses on investments and asset disposals		0.3	0.8
Gains/losses on disposal of assets		-121.5	-36.3
Financial income and expenses		115.7	129.5
Taxes (current and deferred)		26.8	389.5
Cash flow from consolidated companies before tax		373.9	552.3
Change in working capital requirement related to operating activities		-25.1	-166.2
<b>Net cash flows from operating activities</b>		<b>348.8</b>	<b>386.2</b>
<b>Cash flows from investing activities</b>			
Acquisitions of intangible assets and property, plant & equipment		-57.3 (1)	-208.3
Disposals of intangible assets and property, plant & equipment		5.6	37.3
Acquisition of equity investments		-149.6 (2)	-1,089.2
Disposal of equity investments		853.8 (3)	504.1
Expenses on investments and asset disposals		-0.3	-0.9
Impact of changes in Group structure and operations held for sale		-123.6 (4)	-106.6
Changes in other assets and financial liabilities and other		69.3 (5)	-200.4
Dividends received from equity-method investments and non-consolidated companies		57.9 (6)	223.2
Change in working capital requirements related to investing activities		-16.8	-3.8
<b>Net cash flows from investing activities</b>		<b>639.0</b>	<b>-844.6</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares		-	0.8
Contribution of minority shareholders		2.4	1.5
Share buybacks		2.5	-1.7
Dividend paid by the parent company		-50.2	-100.5
Dividend paid to minority shareholders		-43.5	-27.5
New borrowings		313.7 (7)	1,433.6
Repayment of borrowings		-763.2 (7)	-148.6
Finance costs, net		-281.8	-286.1
Other financial income (expenses)		-2.9	36.1
Change in working capital requirement related to financing activities		23.9	33.4
<b>Net cash flows from financing activities</b>		<b>-799.1</b>	<b>941.0</b>
<b>Cash flows related to taxes</b>			
Current tax		-69.1	-142.5
Change in tax assets and liabilities (excluding deferred taxes)		23.2	59.9
<b>Net cash flows related to taxes</b>		<b>-45.9</b>	<b>-82.6</b>
Effect of currency fluctuations		-3.5	-13.5
Net change in cash and cash equivalents		139.3	386.5
Cash and cash equivalents at the beginning of the year	6	2,728.1	2,846.6
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>2,867.4</b>	<b>3,233.1</b>



- (1) including €27.6 million at Bureau Veritas and €17.9 million at Materis.
- (2) including €115.7 million to subscribe to Saint-Gobain shares under the rights issue. See "Changes in the scope of consolidation".
- (3) including €272.8 million net of expenses from the sale of a block of Bureau Veritas shares and €80.9 million net of expenses from the sale of Oranje-Nassau's oil & gas business.
- (4) including €123.2 million related to the sale of Oranje-Nassau's oil and gas business.
- (5) including €65.5 million in proceeds from the sale of Saint-Gobain share warrants. See "Changes in the scope of consolidation".
- (6) including €6.4 million in dividends from Legrand.
- (7) see Note 10 "Financial debt".

Detail on the cash and cash equivalents and how they are classified on the consolidated balance sheet is provided in Note 6. At June 30, 2009, cash and cash equivalents were composed of €1.2 billion in pledged cash recognized under non-current financial assets and €1.6 billion in available cash recognized under current financial assets. At December 31, 2008, these figures were €1.4 billion and €1.3 billion, respectively.

The 2008 fiscal year included cash flow generated by the energy division of Oranje-Nassau during the period. Changes in consolidation scope included mainly the impact of the May 2009 divestment of Oranje-Nassau's oil & gas business.

Wendel is a public limited company (société anonyme) governed by French law and with the 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, 2009 to June 30, 2009. All amounts are in millions of euros, unless otherwise specified.

## **Note 1- Accounting principles**

This set of consolidated financial statements for the first half of 2009 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 2008 fiscal year included in the reference document filed with the AMF on May 11, 2009 under number D09-400.

The accounting policies applied are the same as those adopted for the preparation of the financial statements for the 2008 fiscal year, as presented in the 2008 annual report, with the exception of standards that came into force on January 1, 2009:

- IAS 1 (revised) "Presentation of the financial statements";
- IAS 23 (revised) "Borrowing costs";
- IFRS 8 "Operating segments";
- IAS 32 (amendment) "Financial instruments - presentation" and IAS 1 "Presentation of financial statements" - Puttable financial instruments and obligations arising on liquidation;
- IFRS 2 (amendment) "Share-based payment"; – Vesting Conditions and Cancellations
- Amendments to IFRS 1 and IAS 27 – Cost of an investment in a subsidiary, jointly controlled entity or associate;
- Improvements to IFRS (May 2008)
- IFRIC 11 "IFRS 2 - Group and treasury share transactions";
- IFRIC 13 "Customer loyalty programmes";
- IFRIC 14 "IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction".

The above new standards, amendments to existing standards and interpretations must be adopted for all fiscal years starting on or after January 1, 2009 but do not have a significant impact on the financial statements of the Group.

The following new standards, amendments to existing standards and interpretations have been published but are not mandatory for 2009 and have not been adopted ahead of time:

- IAS 27A "Consolidated and separate financial statements";

- IAS 39 (amendments) "Financial instruments: recognition and measurement of eligible hedged items";
- IFRS 3R "Business combinations";
- IFRIC 12 "Service concession arrangements";
- IFRIC 15 "Agreements for the construction of real estate";
- IFRIC 16 "Hedges of a net investment in a foreign operation";
- IFRIC 17 "Distributions of non-cash assets to owners";
- IFRIC 18 "Transfer of assets from customers";
- Amendment to IFRIC 9 and IAS 39 - Embedded derivatives
- Amendment to IFRS 7 "Financial instruments: Disclosures" - Investments in debt instruments
- Revised version of IFRS 7 - "Financial instruments: Disclosures" - Improvements to disclosures on financial instruments;
- Amendment to IFRS 2 - Cash-settled share-based payment transactions;
- Amendments to IFRS (April 2009)

The standards adopted by the European Union can be found on the web site 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).

Certain items in the first-half 2008 income statement, presented for comparative purposes, were reclassified in accordance with IFRS 5 so as to present the impact of operations discontinued or held for sale during the course of 2009, principally the oil & gas activities of Oranje-Nassau Groep (see Note 2).

## **Note 2- Changes in the scope of consolidation**

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

As of June 30, 2009, Wendel owned 89.8 million shares, representing 17.68% of Saint-Gobain, vs. 21.57% at December 31, 2008 (net of treasury shares). The dilution was caused by three transactions carried out on the share capital of Saint-Gobain:

#### - March 2009 rights issue

On March 23, 2009, Saint-Gobain increased its share capital by €1,512 million (excl. expenses) through the issuance of 108,017,212 shares at a subscription price of €14 per share.

Wendel participated only partially in the rights issue, exercising 28.9 million share warrants (35.5% of its warrants) and receiving 8.3 million shares in return, for an investment of €15.7 million. Wendel's remaining 52.6 million share warrants were sold on the market. The net proceeds from the sale of these share warrants totaled €65.5 million and were included in the "Other financial income and expenses" line of the income statement.

This transaction resulted in a dilution of Wendel's interest in Saint-Gobain by around 3.1 percentage points (calculated net of treasury shares).

- Rights issue reserved for employees

The rights issue reserved for employees under the Company savings plan diluted Wendel's investment in Saint-Gobain by around 0.3 percentage points (calculated net of treasury shares).

- 2009 dividend

Beneficiaries of the 2009 dividend had the option of receiving the dividend in shares or in cash. Shareholders of almost 65% of the shares elected to receive their dividends in shares. Wendel opted to receive its dividend in shares, then sold all of the shares it received under a financial agreement with a bank. Under this agreement, Wendel received the equivalent of the dividend it would have received had it opted for the dividend in cash plus a premium of €6.8 million.

The capital increase resulting from the share dividends diluted Wendel's investment in Saint-Gobain by around 0.5 percentage points (calculated net of treasury shares).

As a result of these transactions, Wendel's stake in Saint-Gobain declined from 21.6% to 17.7% (net of treasury shares). The accounting impact of this dilution was a negative **€741.6 million**, recognized in the income statement under "Share of net income from equity-method investments". This loss came about because of the difference between the value of Saint-Gobain in Wendel's books (before 2009 impairment) and the price at which the new shares, which led to the change in Wendel's stake in Saint-Gobain, were issued.

*Sale of a block of shares representing 10% of the capital of Bureau Veritas*

In March 2009, Wendel sold 11 million Bureau Veritas shares at €25.00 a share, for total proceeds of €275 million, excluding expenses. Following the transaction, Wendel held 52.2% of Bureau Veritas (net of treasury shares) and remained the majority shareholder.

The gain on the sale was €18.4 million and broke down as follows:

<b>Sale proceeds:</b>	<b>€275.0 million</b>
Book value of shares sold:	€154.4 million
Selling costs:	€2.2 million
<b>Gain on sale:</b>	<b>€18.4 million</b>

The gain on sale was recognized in the "Other operating income and expenses" line item of the income statement.

### *Sale of Oranje-Nassau's oil & gas business*

In May 2009, Oranje-Nassau Groep sold all of its oil & gas activities. The divestment generated a €345.6 million gain:

<b>Sale proceeds:</b>	<b>€601.6 million</b>
Impact of selling costs and premiums paid to the Dutch executives of Oranje-Nassau (net of tax)	€16.5 million
Book value of shares sold:	€239.5 million
<b>Gain on sale:</b>	<b>€345.6 million</b>

After payment of the selling costs, premiums paid to the executives of Oranje-Nassau and repayment of Oranje-Nassau's bank debt, the transaction increased the Wendel Group's available cash by €509 million. This cash was carried on the balance sheet of Oranje-Nassau.

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. H1 2008 income statement items related to the oil & gas activities of Oranje-Nassau Groep are presented under the "Net income from discontinued operations" line of the 2008 income statement.

## **Note 3- Segment information**

IFRS 8 "Operating segments" is mandatory for fiscal years opened on or after January 1, 2009. IFRS 8 requires that segment information be based on information reviewed by Group managing bodies. Wendel has concluded that its operating segments as provided under IFRS 8 are the same as those presented on the primary level under IAS 14, as previously applied. Operating segments correspond to the businesses of our subsidiaries and affiliates and are as follows:

- Bureau Veritas (certification, quality control),
- Deutsch (connectors),
- Editis (publishing), divested in 2008,
- Materis (specialty chemicals for the construction sector),
- Stallergenes (Immunotherapy),
- Saint-Gobain (production, transformation and distribution of materials),
- Legrand (electrical equipment),
- Stahl (leather finishing products),
- Holding companies.

Equity-accounted companies - Saint-Gobain, Legrand and Stahl - are detailed separately in Note 5 "Equity-method investments" and Note 15 "Net income from equity-method investments", so as to adapt to the relevance of the information presented for these segments.

Until 2008, Oranje-Nassau constituted an operating segment. Since the sale of its oil & gas business, Oranje-Nassau has been combined with holding companies and is presented under "Wendel, holding companies and ONG".

Implementing this standard in 2009 has no impact on the Group's financial standing or financial performance.

**Balance sheet by operating segment as of June 30, 2009:**

in millions of euros	Bureau Veritas	Deutsch	Materis	Staller- genes	Wendel, holding companies and ONG	Eliminations and unallocated	Total Group
<hr/>							
Goodwill, net	1,303.6	300.8	837.9	33.8	-	-	2,476.1
Intangible assets, net	485.4	205.0	776.9	4.5	0.0	-	1,471.8
Property, plant & equipment, net	197.1	104.0	472.7	54.6	8.5	-	836.7
Non-current assets not allocated by segment (1)						6,883.2	6,883.2
<b>Non-current assets</b>							<b>11,667.8</b>
Assets and operations held for sale	-	-	-	-	-	-	-
Inventories and work-in-progress	-	82.4	233.3	15.9	-	-	331.7
Trade receivables	743.1	59.5	404.9	19.6	0.8	-	1,227.9
Other receivables	35.9	5.4	67.8	5.2	5.0	-	119.4
Prepaid expenses	28.4	1.9	0.7	1.3	2.2	-	34.4
Other current assets not allocated by segment						1,795.1	1,795.1
<b>Current assets</b>							<b>3,508.5</b>
<b>Total assets</b>							<b>15,176.3</b>
Shareholders' equity						1,478.4	1,478.4
Long-term provisions	89.3	2.5	10.1	0.0	21.1	-	123.0
Employee benefits	80.4	10.9	26.6	2.0	1.4	-	121.3
Other non-current liabilities not allocated by segment						11,410.5	11,410.5
<b>Non-current liabilities</b>							<b>11,654.8</b>
Liabilities of operations held for sale						-	-
Short-term provisions	-	9.4	10.1	2.7	0.0	-	22.2
Trade payables	160.9	17.8	276.2	23.0	6.5	-	484.5
Other payables	305.5	25.1	153.3	15.3	16.3	-	515.5
Deferred revenue	104.0	0.6	-	-	0.1	-	104.6
Other current liabilities not allocated by segment						916.3	916.3
<b>Current liabilities</b>							<b>2,043.1</b>
<b>Total liabilities and shareholders' equity</b>							<b>15,176.3</b>

(1) includes €4,502.5 million in equity-method investments. See Note 5 "Equity-method investments".

### **Balance sheet by operating segment as of December 31, 2008:**

in millions of euros	Bureau Veritas	Deutsch	Materis	Oranje Nassau Groep	Staller- genes	Wendel and holding companies	Eliminations and unallocated	Total Group
Goodwill, net	1,344.0	325.5	867.5	41.5	29.2	-	-	2,607.6
Intangible assets, net	500.7	218.3	782.6	-	8.1	0.0	-	1,509.7
Property, plant & equipment, net	193.4	114.1	480.0	214.3	51.7	8.1	-	1,061.6
Non-current assets not allocated by segment (1)							8,344.7	8,344.7
<b>Non-current assets</b>								<b>13,523.7</b>
Assets and operations held for sale	-	-	-	-	-	-	20.6	20.6
Inventories and work-in-progress	-	105.4	246.2	6.2	15.2	-	-	373.0
Trade receivables	740.9	81.5	329.5	26.5	23.1	1.8	-	1,203.2
Other receivables	34.4	8.9	63.9	0.2	5.5	6.3	-	119.3
Prepaid expenses	25.5	1.4	0.7	0.6	0.9	1.9	-	31.1
Other current assets not allocated by segment							1,451.5	1,451.5
<b>Current assets</b>								<b>3,178.0</b>
<b>Total assets</b>								<b>16,722.3</b>
Shareholders' equity							2,317.6	2,317.6
Long-term provisions	87.9	2.0	20.1	107.5	0.0	18.0	-	235.5
Employee benefits	78.5	11.5	25.8	3.4	1.8	0.7	-	121.7
Other non-current liabilities not allocated by segment							12,071.1	12,071.1
<b>Non-current liabilities</b>								<b>12,428.4</b>
Liabilities of operations held for sale							23.5	23.5
Short-term provisions	-	5.2	2.0	-	2.0	-	-	9.3
Trade payables	167.0	33.4	284.9	15.5	27.0	27.1	-	555.0
Other payables	325.6	33.4	133.9	6.5	16.2	4.9	-	520.4
Deferred revenue	95.5	0.6	-	1.5	0.0	-	-	97.6
Other current liabilities not allocated by segment							770.5	770.5
<b>Current liabilities</b>								<b>1,952.8</b>
<b>Total liabilities and shareholders' equity</b>								<b>16,722.3</b>

(1) includes €5,881.3 million in equity-method investments. See Note 5 "Equity-method investments"

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

in millions of euros	Bureau Veritas	Deutsch	Materis	Staller- genes	Wendel and holding companies	Eliminations and unallocated (1)	Total Group
Net sales	1,329.5	170.1	860.7	97.6	-	-	2,457.9
Income from ordinary activities before allocation of goodwill	217.6	7.3	96.2	20.0	-30.8	-	310.2
Income from ordinary activities	183.9	-2.5	85.8	20.0	-30.8	-	256.3
Operating income	180.8	-32.8	50.1	20.0	85.1	-	303.2
Finance costs, net	-21.7	-24.4	-77.7	-0.4	-166.8	-	-291.0
Other financial income and expenses	-6.5	11.0	-8.1	-0.4	179.4	-	175.4
Income tax expense	-36.2	20.6	-5.7	-5.7	0.3	-	-26.8
Share of net income from equity-method investments	-0.0	-	0.1	-	-	-1,423.7	-1,423.7
Net income from continuing operations	116.3	-36.5	-59.7	13.4	127.2	-1,423.7	-1,262.9
Income from discontinued operations	0.4	0.0	-	-	-	361.2	361.7
Net income	116.7	-36.5	-59.7	13.4	127.2	-1,062.5	-901.3

(1) includes €1,423.7 million in net income from equity-method investments. See Note 15

### **Income statement by operating segment for the first half of 2008:**

in millions of euros	Bureau Veritas	Deutsch	Materis	Staller- genes	Wendel and holding companies	Eliminations and unallocated (1)	Total Group
Net sales	1,198.9	236.6	964.1	87.0	-	-	2,486.6
Income from ordinary activities before allocation of goodwill	180.3	45.6	119.5	18.2	-26.7	-	336.9
Income from ordinary activities	142.8	36.6	110.5	18.2	-26.7	-	281.3
Operating income	142.3	37.6	117.1	18.2	-26.8	-	288.5
Finance costs, net	-23.4	-25.4	-77.6	-0.8	-170.2	-	-297.4
Other financial income and expenses	-1.3	-22.5	-9.4	0.3	208.7	-	175.8
Income tax expense	-27.6	-5.0	-6.9	-5.7	-247.5	-	-292.6
Share of net income from equity-method investments	-0.1	-	0.2	-	0.1	179.0	179.3
Net income from continuing operations	90.0	-15.4	23.4	12.1	-235.8	179.0	53.5
Income from discontinued operations	0.9	1.1	-	-	-	309.9	311.9
Net income	90.9	-14.2	23.4	12.1	-235.8	488.9	365.3

(1) includes €179.0 million in net income from equity-method investments. See Note 15.

### **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 un- allocated	Total Group
Net cash flows from operating activities	229.7	50.7	67.7	-4.3	25.2	-20.2	-	348.8
Net cash flows from investing activities	-58.3	-5.9	-26.8	464.4	-9.4	318.1	-43.3	639.0
Net cash flows from financing activities	-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

### **Cash flow statement by business segment for the first half of 2008:**

in millions of euros	Bureau Veritas	Deutsch	Editis	Materis	Oranje- Nassau	Staller- genes	Wendel and holding companies	Eliminations and un- allocated	Total Group
Net cash flows from operating activities	109.4	40.0	-	82.7	155.8	19.5	-21.3	-	386.2
Net cash flows from investing activities	-356.1	-52.9	-113.8	-34.3	-108.4	-4.9	-106.4	-67.8	-844.6
Net cash flows from financing activities	253.3	23.3	-	-1.4	67.3	-4.5	535.3	67.8	941.0
Net cash flows related to taxes	-22.5	-1.9	-	-10.0	-45.1	-4.5	1.4	-	-82.6



## Note 4- Goodwill

in millions of euros	6.30.2009	12.31.2008
<b>Goodwill, gross</b>		
Bureau Veritas	480.4	574.3
Deutsch	364.8	366.0
Materis	899.5	899.5
Oranje-Nassau Groep	-	41.5
Stallergenes	0.9	0.9
Subsidiaries of Bureau Veritas	837.8	784.9
Subsidiaries of Deutsch	7.4	7.5
Subsidiaries of Materis	130.3	127.4
Subsidiaries of Stallergenes	32.9	28.2
<b>Total</b>	<b>2,754.0</b>	<b>2,830.3</b>

in millions of euros	6.30.2009	12.31.2008
<b>Impairment</b>		
Deutsch	71.3	47.9
Materis	191.9	159.5
Subsidiaries of Bureau Veritas	14.6	15.2
<b>Total</b>	<b>277.9</b>	<b>222.6</b>

in millions of euros	6.30.2009	12.31.2008
<b>Goodwill, net</b>		
Bureau Veritas	480.4	574.3
Deutsch	293.4	318.0
Materis	707.6	740.0
Oranje-Nassau Groep	-	41.5
Stallergenes	0.9	0.9
Subsidiaries of Bureau Veritas	823.2	769.7
Subsidiaries of Deutsch	7.4	7.5
Subsidiaries of Materis	130.3	127.4
Subsidiaries of Stallergenes	32.9	28.2
<b>Total</b>	<b>2,476.1</b>	<b>2,607.6</b>

in millions of euros	H1 2009
Net at beginning of period	2,607.6
Business combinations	15.5
Sale of Bureau Veritas block (1)	-93.9
Sale of Oranje-Nassau oil & gas assets (1)	-41.5
Impacts of changes in currency translation adjustments and other	46.9
Impairment for the period (2)	-58.6
<b>Net at end of period</b>	<b>2,476.1</b>

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

(2) including €33.0 million related to Materis and €25.6 million related to Deutsch.

## Goodwill impairment tests

The tests set out below are based on the assessment of Wendel and its subsidiaries of the facts and circumstances existing at the balance sheet closing date, as well as information available at the date the financial statements were approved on situations existing at the end of June 2009. The uncertain global economic picture has complicated forecasting, and the actual amounts could ultimately be different from the projections resulting from these tests. If so, value in use may also be different from that determined on the basis of assumptions and estimates at the end of June 2009.

### *Impairment test on Materis goodwill*

Amidst a slowdown in some of Materis' markets, Materis undertook an impairment test on some of its Cash Generating Units (CGUs). In accordance with IAS 36, value in use (i.e., the present value of future cash flows) was determined for each CGU and compared with its book value. Materis drew up its business plans on the basis of the latest information available for each market underlying these CGUs. A 2.25% long-term growth rate was assumed for post-business plan cash flows. A discount rate of 8% was used (adjusted for certain activities: between 7% and 20%). A total of €33 million in impairment losses have been recognized by Materis in 2009 on the basis of this test. This loss was maintained in Wendel's accounts.

As Materis constitutes a CGU in Wendel's accounts, an IAS 36 test was also done on Materis at the level of Wendel's consolidated accounts inasmuch as the slowdown in construction markets lasted throughout the first half of 2009. Value in use determined by Wendel for this test was the discounted present value of future cash flows. The business plan assumptions were the same as those used by Materis for each of its CGUs. A 8% discount rate was used, and a 2.25% long-term growth rate was applied to post-business plan cash flows. Materis' value in use, calculated thus by Wendel, was above its book value at June 30, 2009, and Wendel recognized no impairment in addition to that already recognized by Materis. Sensitivity tests carried out by Wendel showed that if the long-term growth rate were to decline by 0.5%, Wendel would have to recognize impairment of €79 million and if the discount rate were increased by 0.5%, Wendel would have to recognize impairment of €104 million.

### *Impairment test on Deutsch goodwill*

Amidst a slowdown in its business, Deutsch undertook an impairment test on its Cash Generating Units. CGUs were grouped such that the analysis of goodwill at Deutsch would be in line with the analysis of the business performed by the subsidiary's management. The impact on Wendel's financial statements was not significant. In accordance with IAS 36, value in use (i.e. the present value of future cash flows) was determined for each CGU and compared with its carrying value. Deutsch drew up its business plan on the basis of the latest information available for each of the markets underlying these CGUs. A 2.5% long-term growth rate was assumed for post-business plan cash flows. Discount rates used were between 10% and 15%, depending on the business. As a result of this test, Deutsch has recognized an impairment loss of €31 million in 2009. This was offset by deferred tax of €15.6 million on goodwill that is tax-deductible in the United States. This loss was maintained in

Wendel's accounts.

As Deutsch constitutes a CGU in Wendel's accounts, an IAS 36 test was also done on Deutsch at the level of Wendel's consolidated accounts. The value in use determined by Wendel for this test was the discounted present value of future cash flows. The business plan assumptions were the same as those used by Deutsch for each of its CGUs. A 9% discount rate was used, and a 2.5% long-term growth rate was applied to post-business plan cash flows. Deutsch's value in use, calculated thus by Wendel, was above its book value at June 30, 2009, and Wendel recognized no impairment in addition to that recognized by Deutsch. In addition, Wendel's analysis of the test's sensitivity to the discount rate and to long-term growth assumptions showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively.

#### *Bureau Veritas and Stallergenes goodwill*

The carrying value of Bureau Veritas and Stallergenes shares (€13.61 and €7.22, resp.) at the end of June 2009 were far below their "fair value" (share prices: €34.995 and €47.00, resp.), and there was no indication of a loss of value on these investments. As a result, no impairment was recognized.

## **Note 5- Equity-method investments**

<b>in millions of euros</b>	<b>6.30.2009</b>	<b>12.31.2008</b>
Saint-Gobain	3,978.4	5,353.9
Legrand	517.8	521.3
Stahl	-	-
Investments of Bureau Veritas	2.8	2.8
Investments of Materis	3.4	3.3
<b>Total</b>	<b>4,502.5</b>	<b>5,881.3</b>

The variation in equity method investments broke down as follows:

	H1
in millions of euros	2009
Amount at beginning of period	5,881.3
Acquisition of Saint-Gobain shares (1)	115.7
Share in net income for the period	
Saint-Gobain	-21.1
Legrand	33.4
Stahl	-2.5
Other	0.1
Dividends for the period	-146.2
Impact of changes in currency translation adjustments	75.7
Impairment of assets (2)	-691.9
Dilution on Saint-Gobain (1)	-741.6
Other	-0.4
<b>Amount at June 30, 2009</b>	<b>4502.5</b>

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

(2) impairment loss on Saint-Gobain.

### Impairment test

The test set out below was based on Wendel's assessment of the facts and circumstances existing at the balance sheet closing date, as well as information available at the date the financial statements were approved on situations existing at the end of June 2009. The uncertain global economic picture have complicated forecasting, and the actual amounts could ultimately be different from the projections resulting from this test. If so, the investment's value in use may also be different from the value determined on the basis of assumptions and estimates as of June 30, 2009.

#### *Impairment test on equity-method investments: Saint-Gobain*

Against a backdrop of financial crisis and slowdown in construction markets, an impairment test was performed (IAS 28 §33). In accordance with IAS 36, recoverable value was determined by adopting the higher of fair value (as defined in §6 of this standard), which is the closing share price (€23.825 per share, or €2.1 billion for the shares held by Wendel) or value in use (as defined in §6 of the same standard), 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 (sector research notes, in particular), Wendel's internal analysis and studies conducted by Wendel and its corporate advisors. The assumptions that underlie the business plan (trends in underlying markets, pricing strategies, etc.) include the

impact of the slowdown 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, 2008: 2%. The discount rate used was identical to that used at December 31, 2008: 8%. It was based on market parameters (risk-free rate, market premium, beta) and took into account risks specific to the business plan.

The value in use of Saint-Gobain shares thus determined was €44.30 per share, or €3,978.4 million for the shares held by Wendel. This was below Wendel's carrying value of €52.00 per share at June 30, 2009, after dilution (see the note related to changes in the scope of consolidation) and before the impairment losses recognized in 2009, or €4,670.3 million for the shares held by Wendel. As a result, an impairment loss of €691.9 million was recognized on the basis of value in use on the 89.8 million Saint-Gobain shares held by the Group as of June 30, 2009.

A sensitivity test showed that, if the discount rate were raised by 0.5%, an additional loss of €493.9 million would be recognized, and that if it were lowered by 0.5% the impairment loss of €691.9 million indicated in the previous paragraph would be reduced by €92.7 million. Similarly, if the long-term growth rate were lowered by 0.5%, an additional loss of €350.2 million would be recognized, and if it were raised by 0.5%, the impairment loss of €691.9 million indicated in the previous paragraph would be reduced by €22.1 million. Finally, the model as a whole is sensitive to the assumptions of the five-year business plan.

#### *Impairment test on equity-method investments: Legrand*

The book value of Legrand shares at June 30, 2009 was €6.43 per share, far below the fair value (share price: €15.535). Therefore no impairment was recognized.

### **Additional information on Saint-Gobain:**

<b>in millions of euros</b>	<b>6.30.2009</b>	<b>12.31.2008</b>
Total assets (Saint-Gobain)	44,254	43,395
Impact of the valuation of acquired assets and liabilities	5,703	5,938
Residual goodwill (excl. goodwill in Saint-Gobain's balance sheet)	695	4,609
Minority interests	263	256
Total liabilities	27,882	28,865
	<b>H1 2009</b>	<b>H1 2008</b>
Net sales	18,715	22,141
Business income	930	2,005
Operating income	601	1,897
Net income, Group share	128	1,076
Impact of the valuation of acquired assets and liabilities	-236	-542

## Additional information on Legrand:

(including restatement of goodwill related to the adoption of IFRS)

in millions of euros	6.30.2009	12.31.2008
Total assets (Legrand)	5,827.5	6,383.7
Goodwill adjustment (Wendel)	-523.7	-523.8
Minority interests	4.2	5.6
Total liabilities	3,618.1	4,197.9
	<b>H1 2009</b>	<b>H1 2008</b>
Net sales	1,812.1	2,166.0
Maintainable adjusted operating income *	306.6	404.1
Operating income	242.0	363.6
Net income, Group share	107.9	233.1

\* Operating income restated for accounting entries related to the 2002 acquisition of Legrand France, for goodwill impairment of €15.9 million in the first half of 2009 and excluding restructuring costs.

## Additional information on Stahl:

in millions of euros	6.30.2009	12.31.2008
Total assets	357.2	503.4
Shareholder loans	111.3	105.2
Total liabilities	361.3	468.8
	<b>H1 2009</b>	<b>H1 2008</b>
Net sales	110.8	164.1
Adjusted operating income *	7.1	25.5
Net income, Group share	-24.9	6.7

\* Adjusted operating income before goodwill allocation entries, management fees and non-recurring items.

In view of its current level of indebtedness, Stahl is in discussions with its creditor banks so as to optimize its financial structure. As indicated in the paragraph related to liquidity risk, Stahl's bank debt is without recourse to Wendel. It would affect Wendel's liquidity only if Wendel decided to contribute cash to the company.

## Note 6- Cash and cash equivalents

in millions of euros	6.30.2009 Net Amount	12.31.2008 Net Amount
<b>Pledged cash and cash equivalents classified as non-current financial assets</b>		
(1)	<b>1,241.1</b>	<b>1,399.6</b>
Bureau Veritas	105.7	153.5
Deutsch	48.1	32.3
Oranje-Nassau Groep	519.2	158.1
Materis	141.3	64.0
Stallergenes	19.1	9.4
Eufor group (Saint-Gobain investment structure)	1.4	9.5
Wendel and holding companies	791.6	901.7
<b>Cash and cash equivalents classified as current financial assets:</b>	<b>1,626.3</b>	<b>1,328.5</b>
<b>Total</b>	<b>2,867.4</b>	<b>2,728.1</b>
<b>of which cash equivalents</b>	1,826.5	2,021.4
<b>of which cash</b>	1,040.9	706.7

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

## Note 7- Financial assets and liabilities

Financial assets

in millions of euros	Accounting method under IFRS 7	6.30.2009	12.31.2008
Cash and cash equivalents - A	Income statement (1)	1,626.3	1,328.5
Pledged cash and cash equivalents - A	Income statement (1)	1,241.1	1,399.6
Assets available for sale - B	Shareholders' equity (2)	20.2	24.2
Financial assets at fair value through profit or loss	Income statement (1)	21.5	27.2
Loans - C	Amortized cost	34.3	41.4
Deposits and guarantees	Amortized cost	22.6	19.6
Derivatives - E	Income statement (1) / Sh. equity (2)	929.0	867.4
Other - D	Income statement (1)	132.3	31.8
<b>Total</b>		<b>4,027.4</b>	<b>3,739.6</b>
<i>of which non-current financial assets</i>		<i>2,243.7</i>	<i>2,294.9</i>
<i>of which current financial assets</i>		<i>1,783.7</i>	<i>1,444.7</i>

## Financial liabilities

in millions of euros	Accounting method under IFRS 7	6.30.2009	12.31.2008
Derivatives - E	Income statement (1) / Sh. equity (2)	235.9	178.0
Other	Income statement (1)	25.7	34.4
<b>Total</b>		<b>261.6</b>	<b>212.4</b>
<i>of which non-current financial liabilities</i>		<i>195.7</i>	<i>150.3</i>
<i>of which current financial liabilities</i>		<i>65.9</i>	<i>62.1</i>

(1) Change in fair value through profit or loss

(2) Change in fair value through shareholders' equity

A - See Note 6 on cash and cash equivalents and on pledged cash and cash equivalent accounts. Pledged cash and cash equivalents are presented as non-current financial assets as they were not immediately available.

B - Including, at June 30, 2009 the investment funds held by Oranje-Nassau Groep (€8.0 million).

C - including €33.0 million in loans to *van Gansewinkel Groep* (formerly *AVR*).

D - including €89.8 million in receivables from the monetization of Saint-Gobain shares received as share dividends (see "Changes in the scope of consolidation").

E - Derivatives

in millions of euros	6.30.2009		12.31.2008	
	Assets	Liabilities	Assets	Liabilities
Saint-Gobain net protection (puts) (1)	896.8	-	760.4	0.0
Derivatives on securities - not qualifying for hedge accounting (2)	5.5	-	27.2	2.0
Commodity derivatives - hedging of cash flows	-	6.8	44.7	15.9
Interest rate swaps - hedging of cash flows (3)	22.0	200.6	30.2	129.1
Interest rate swaps - not qualifying for hedge accounting (3)	4.7	28.5	4.8	30.9
<b>Total</b>	<b>929.0</b>	<b>235.9</b>	<b>867.4</b>	<b>178.0</b>
of which:				
<i>Non-current portion</i>	900.8	188.2	782.7	147.5
<i>Current portion</i>	28.2	47.7	84.7	30.6

(1) Net position of puts purchased and sold to protect against a decline in the value of Saint-Gobain shares, with end-2010-12 maturities. These instruments cover nearly 36% of the shares Wendel holds. When the price of Saint-Gobain shares declines, the value of the protection rises, and vice-versa. In this way, they neutralize 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, 2009. Nevertheless, these derivatives did not qualify as hedges under accounting standards, as the underlying assets were equity-method investments.

The book value of this protection corresponds to the value at which the counterparty would have agreed to unwind them. It reflects the market parameters prevailing at the balance sheet date, including share price, volatility, liquidity of underlyings and transaction size. This value is €19 million below the value that would be produced by a mathematical model that ignores market parameters related to the size of the transaction. For the first half of 2009, the impact of this protection on net financial expense was €136.4 million. A +/-5% shift in



Saint-Gobain's share price would have led to a change in the fair value of the protection of about +/-€34 million on the income statement.

This protection has been pledged against the portion of the financing for the Saint-Gobain shares that is not subject to collateral calls.

IFRS prohibits valuing the protection on the same basis as the underlying investments, which are accounted for by the equity method. The protection is valued, in accordance with IAS 39, on the basis of market parameters prevailing at the balance sheet date, whereas the underlying shares are valued, in accordance with IAS 28, by the equity method and are subject to impairment tests based on discounted cash flow valuations (IAS 36). Hence, applying these accounting standards can generate a distortion in measurements, which affects the income statement.

(2) As of June 30, 2009, this line item corresponded to derivative instruments tied to the Eurostoxx 50 index, intended to protect against a decline in financial markets. They are comprised of purchased puts with a €266 million notional value, a strike price of 2,000 points, and a November 2009 maturity. A +/-5% variation in the index would have generated a variation in the market value of the protection of about +/-€3 million on the income statement.

(3) The increase in liabilities related to swaps derived from the decline in interest rates during the period. The position has changed only slightly since December 31, 2008 (see Note 4 "Financial assets and liabilities" in the 2008 consolidated financial statements).

The value of the swaps in the Eufor structure (notional value: €2.8 billion) declined from €106 million to €141 million. Swaps with a notional value of €0.3 billion were disqualified as hedges during the first half of 2009, which led to the recognition of a €3.4 million loss in net financial expense (reversal of losses recognized in shareholders' equity in previous years and change in value during H1 2009). The rest of the position continued to qualify as a hedge for accounting purposes and its change in value of €20.7 million during the first half of 2009 was recognized in consolidated reserves.

## Note 8- Shareholders' equity

### Number of shares outstanding

	Par value	Number of shares outstanding	Treasury shares
At 12.31.2008	€4	50,366,600	142,836
At 6.30.2009	€4	50,367,520	162,151

Principal items in the statement of "recognized income and expenses":

	Assets available for sale	Derivatives qualifying for hedge accounting	Deferred taxes	<b>Total Group share</b>	Minority interests	<b>Total shareholders' equity</b>
<b>.at 12.31.2007</b>	20.3	-152.4	25.7	<b>-106.3</b>	0.8	<b>-105.5</b>
. Changes in fair value during the period	0.9	-126.5	-11.4	<b>-137.0</b>	-13.7	<b>-150.8</b>
. Amount recognized in the income statement	-11.1	32.8	-16.4	<b>5.3</b>	-	<b>5.3</b>
.Application of cash-flow hedges on shares to the value of the shares	-	102.1	-	<b>102.1</b>	-	<b>102.1</b>
<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 period	-3.0	-7.2	-3.8	<b>-14.0</b>	3.0	<b>-11.0</b>
. Amount recognized in the income statement	-	-35.1 (a)	17.5	<b>-17.5</b>	-	<b>-17.5</b>
<b>.at 6.30.2009</b>	7.1	-186.2	11.7	<b>-167.4</b>	-9.9	<b>-177.4</b>

(a) related principally to the reversal of the impact of hedges against fluctuations in the price of oil on the sales of the energy division of Oranje-Nassau, which was sold in H1 2009.

## Note 9- Provisions

<b>in millions of euros</b>	<b>6.30.2009</b>	<b>12.31.2008</b>
Provisions for liabilities and charges	145.2	244.9
Employee benefits	121.3	121.7
<b>Total</b>	<b>266.6</b>	<b>366.6</b>
<i>of which non-current</i>	<i>244.3</i>	<i>357.2</i>
<i>of which current</i>	<i>22.2</i>	<i>9.3</i>

The change in provisions was related principally to the sale of the oil & gas business of Oranje-Nassau Groep, whose provisions for dismantling of petroleum equipment totaled €105.0 million as of December 31, 2008.

## Note 10- Financial debt

In millions of euros							6.30.2009	12.31.2008
	Currency	Coupon rate	Effective interest rate	Maturity	Repayment	Overall amount	Amounts used	
<b>Wendel</b>								
Bonds exchangeable for Capgemini shares	EUR	2,00%	4.91%	06-2009	at maturity		-	279.0
2011 bonds	EUR	5,00%	5.16%	02-2011	at maturity		584.0	600.0
2014 bonds	EUR	4,8750%	4.93%	11-2014	at maturity		400.0	400.0
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							-0.4	-0.6
Amortized cost of bonds							-43.0	-49.2
Other borrowings and accrued interest	EUR						72.2	33.7
							<b>2,512.8</b>	<b>2,763.0</b>
<b>Eufor - Saint-Gobain investment financing</b>								
Bank borrowings	EUR	Euribor+margin		07/2013	Revolving credit	€1,000M	1,000.0	1,000.0
Bank borrowings	EUR	Euribor+margin		11/2011	Revolving credit	€500M	106.6	
Bank borrowings	EUR	Euribor+margin	12-2010 /	03-2012	amortizing		2,095.2	2,095.2
Bank borrowings	EUR	Euribor+margin	12-2013		at maturity	€1,355M	455.0	600.0
Bank borrowings	EUR	Euribor+margin	06-2011		at maturity		800.0	800.0
Bank borrowings	EUR	Euribor+margin	04-2012		at maturity		930.6	957.1
Other borrowings	EUR						7.0	6.1
Accrued interest							13.4	32.3
							<b>5,407.7</b>	<b>5,490.7</b>
<b>Materis Investor</b>								
Shareholder loan							16.2	15.2
							<b>16.2</b>	<b>15.2</b>
<b>Bureau Veritas</b>								
Bank borrowings	USD	Libor+margin		05-2013	amortizing		232.0	265.0
Bank borrowings	EUR	Euribor+margin		05-2013	amortizing		15.9	17.9
Bank borrowings	EUR	Euribor+margin	05-2012 /	2013	revolving credit	€50M	243.0	295.0
Bank borrowings	GBP	Libor+margin	05-2012 /	2013	revolving credit		39.9	35.7
Bank borrowings	EUR	Euribor+margin		10-2012	at maturity		150.0	150.0
US private placement	USD	Fixed		2018-20	at maturity		188.2	191.1
US private placement	GBP	Fixed		2018-20	at maturity		74.0	66.1
Deferred issuance costs							-2.5	-0.9
Other borrowings and accrued interest							45.3	41.2
							<b>985.7</b>	<b>1,061.2</b>
<b>Deutsch</b>								
Bank borrowings (mezzanine)	EUR	Euribor+margin		12-2016	at maturity		31.6	30.3
Bank borrowings (mezzanine)	USD	Libor+margin		12-2016	at maturity		32.2	31.4
Bank borrowings (second lien)	USD	Libor+margin		12-2015	at maturity		42.5	43.1
Bank borrowings (revolving credit)	EUR	Euribor+margin		06-2013	revolving credit	\$40M	19.8	9.3
Bank borrowings (revolving credit)	USD	Libor+margin		06-2013	revolving credit		6.5	6.5
Bank borrowings (senior)	EUR	Euribor+margin	12-2013 /	06-2014	at maturity		40.8	35.6
Bank borrowings (senior)	USD	Libor+margin	12-2013 /	06-2014	at maturity		114.9	119.8
Bank borrowings (senior)	GBP	Libor+margin	12-2013 /	06-2014	at maturity		23.3	21.4
Bank borrowings (senior)	EUR	Euribor+margin	12-2014 /	06-2015	at maturity		34.7	41.9
Bank borrowings (senior)	USD	Libor+margin	12-2014 /	06-2015	at maturity		134.1	139.8
Bank borrowings (acquisition)	USD	Libor+margin		06-2013	amortizing	\$100M	44.2	44.2
Deferred issuance costs							-8.8	-9.8
Shareholder loans							21.2	20.0
Other borrowings and accrued interest							17.2	23.9
							<b>553.9</b>	<b>557.3</b>
<b>Materis</b>								
Bank borrowings (mezzanine)	EUR	Euribor+margin		04-2016	at maturity		310.1	284.3
Bank borrowings (second lien)	EUR	Euribor+margin		11-2015	at maturity		140.0	140.0
Bank borrowings (senior)	EUR	Euribor+margin		04-2013	amortizing		219.6	235.6
Bank borrowings (senior)	EUR	Euribor+margin		04-2014	at maturity		395.6	395.6
Bank borrowings (senior)	EUR	Euribor+margin		04-2015	at maturity		421.3	421.3
Bank borrowings	EUR	Euribor+margin		04-2013	at maturity		144.7	132.5
Bank borrowings (revolving credit)	EUR	Euribor+margin		04-2013	revolving credit	€125M	123.3	22.0
Bank borrowings (acquisition)	EUR	Euribor+margin		04-2013	amortizing	€50M	145.4	145.2
Bank borrowings (acquisition 2)	EUR	Euribor+margin	04-2013 /	04-2015	amortizing	€100M	-	-
Deferred issuance costs							-32.2	-33.6
Shareholder loans							64.2	60.4
Other borrowings and accrued interest							66.3	75.6
							<b>1,998.2</b>	<b>1,878.8</b>
<b>Oranje-Nassau Groep</b>								
	EUR	variable					-	158.2
<b>Stallergenes</b>								
	EUR	variable					17.8	19.0
							<b>11,492.3</b>	<b>11,943.2</b>

in millions of euros	6.30.2009	12.31.2008
<b>Breakdown by maturity</b>		
Due beyond 5 years	3,671.7	3,951.7
Due in 1 to 5 years	7,047.6	7,366.6
Due within 1 year and accrued interest	773.0	624.8

The situation regarding the liquidity and bank covenants of Wendel and its subsidiaries is described in Note 18 under "Managing liquidity risk".

The principal changes in the Group's financial debt were as follows:

#### *Wendel*

The €279 million in bonds exchangeable into Capgemini shares matured on June 19, 2009 and were repaid. Bondholders did not exercise the option to exchange them into Capgemini shares, as the value of the shares was far below the par value of the bond.

As part of its liquidity management, Wendel repurchased bonds maturing in 2011 with a par value of €16 million at the end of the first half of 2009. The bonds were repurchased as a discount of around 6% (price paid: €15 million). In accordance with the bond indenture, these bonds were canceled at the end of June 2009 and the difference between the price paid and the par value represented a financial gain of €1 million. The outstanding par value of the 2011 bonds was €584 million as of June 30, 2009.

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

In February 2009, €145 million in cash serving as collateral for €600 million in financing maturing in December 2013 was used to partially repay this loan. At June 30, 2009, outstandings under this facility totaled €155 million.

In March 2009, an amount of €106.6 million was drawn down to refinance Wendel's subscription to Saint-Gobain's rights issue. This financing matures in November 2011.

As part of its active management of liquidity risk, Wendel obtained an agreement from two banks after the June 30, 2009 closing to extend the maturity of its Saint-Gobain investment financing:

- the maturity date of the €800 million loan was extended from June 2011 to June 2015 through an amendment signed in July 2009; and
- the maturity date for half of the €155 million loan was extended from December 2013 to June 2014 and for the other half to June 2015. In addition, Wendel had a €900 million undrawn line of credit

that was usable until June 2009. The drawdown period of this line was extended to December 2013 and as for the line already drawn down, the maturity date for half of the line was extended to June 2014 and for the other half to June 2015. In return, the amount of the undrawn line was reduced from €900 million to €600 million. The purpose of this line is to finance Saint-Gobain shares in the event of a dilutive transaction on the capital of Saint-Gobain (limited to €300 million) and to refinance Saint-Gobain shares. Agreement on these changes is subject to approval of contractual documentation.

#### *Deutsch*

Bank debt was reclassified as current liabilities. See Note 18 on Deutsch's liquidity situation.

#### *Materis*

Materis' bank debt was renegotiated in the first half of 2009. See Note 18 on Materis' liquidity situation.

## **Note 11- Other operating income and expenses**

<b>in millions of euros</b>	<b>H1 2009</b>	<b>H1 2008</b>
Net gains on disposal of intangible assets and property, plant & equipment	3.1	8.2
Net gains on disposal of consolidated investments (1)	118.4	-
Restructuring costs, net	-1.7	-1.4
Impairment of assets (2)	-64.4	-
Other income and expenses	-8.5	0.3
<b>Total</b>	<b>46.9</b>	<b>7.2</b>

(1) in 2009: net gain on the sale of 10% of Bureau Veritas. See Note 2 "Changes in the scope of consolidation".

(2) in 2009: Asset impairment at Materis (€33.0 million) and Deutsch (€1.4 million). See Note 4 "Goodwill".

## Note 12- Finance costs, net

in millions of euros	H1 2009	H1 2008
Income from cash and cash equivalents		
Interest generated by cash and cash equivalents	18.8	52.0
	18.8	52.0
Finance costs, gross		
Interest expense	-295.7	-334.3
Interest expense on the minorities portion of shareholder loans	-5.9	-3.8
Deferral of debt issuance costs and premiums (calculated according to the effective interest method)	-8.2	-10.8
Changes in the fair value of marketable securities	-	-0.5
	-309.8	-349.5
<b>Total</b>	<b>-291.0</b>	<b>-297.4</b>

## Note 13- Other financial income and expenses

in millions of euros	H1 2009	H1 2008
Gains/losses on disposal of assets available for sale	-	-2.8
Dividends received from non-consolidated companies	1.4	1.7
Income on interest rate, currency and equity derivatives (1)	129.9	207.7
Interest on other financial assets	5.3	4.8
Net currency exchange gains/losses	-0.5	-19.6
Impact of discounting	-2.2	-2.4
Other (2)	41.4	-13.6
<b>Total</b>	<b>175.4</b>	<b>175.8</b>

(1) in 2009 and 2008 this line item included the change in fair value of hedges purchased to protect against a decline in the price of Saint-Gobain shares of €136.4 million and €160.7 million, respectively.

(2) in H1 2009, this line item included:

- net proceeds of €65.5 million from Saint-Gobain share warrants sold during Saint-Gobain's March 2009 rights issue. See Note 2 "Changes in the scope of consolidation".

- €13.6 million in adjustments to the fair value of financial assets related to *van Gansewinkel Groep* (formerly *AVR*)

## Note 14- Tax expense

In the first half of 2008, this line item included a deferred tax charge of €252 million related to the valuation of financial assets and liabilities in accordance with IAS 12. In 2009, this tax charge was neutralized, because tax loss carryforwards that did not exist as of June 30, 2008 were capitalized.

## Note 15- Net income from equity-method investments

in millions of euros	H1 2009	H1 2008
Saint-Gobain (1)	-1,454.6	102.6
Legrand	33.4	73.4
Stahl	-2.5	3.0
Other companies	0.1	0.3
<b>Total</b>	<b>-1,423.7</b>	<b>179.3</b>

(1) The loss from Saint-Gobain included a dilution loss of €741.6 million. See Note 2 "Changes in the scope of consolidation" and an asset impairment charge of €691.9 million. See Note 5 "Equity-method investments".

## Note 16- Net income from discontinued operations and operations held for sale

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. H1 2008 income statement items related to the oil & gas activities of Oranje-Nassau Groep are presented under the "Net income from discontinued operations" line of the 2008 income statement.

in millions of euros	H1 2009	H1 2008
Gain or loss on divestments		
Oranje Nassau Groep - oil & gas business	345.6	-
Editis	-	273.0
	<b>345.6</b>	<b>273.0</b>
Share in profit for the year from discontinued operations		
Oranje Nassau Groep - oil & gas business	15.7	53.5
Editis	-	-16.6
Deutsch companies	-	1.1
Bureau Veritas companies	0.4	0.9
	<b>16.1</b>	<b>38.9</b>
<b>Total</b>	<b>361.7</b>	<b>311.9</b>

## Note 17- Off-balance sheet commitments

As of June 30, 2009, there were no commitments that could have a material impact on Wendel's financial position other than those disclosed below.

in millions of euros	6.30.2009	12.31.2008
<b>Bid bonds</b>	<b>68.1</b>	<b>58.8</b>
<b>Pledges, mortgages and collateral</b>	<b>8,673.7</b>	<b>8,757.3</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	1,922.7	1,798.2
- 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	481.4	482.0
- pledge of listed shares in connection with the Saint-Gobain investment structure (market value) (1) (2)	3,907.2	4,122.0
- Guarantee given in connection with financing without margin calls and related to hedging (2)	1,110.4	944.0
- pledge of cash in connection with the Saint-Gobain investment structure (2)	1,241.1	1,399.6
- other	10.9	11.6
<b>Other guarantees and endorsements given</b>	<b>652.6</b>	<b>346.4</b>
- guarantees given (2)	232.6	239.3
- other (3)	419.9	107.1
<b>Other commitments given and received</b>	<b>55.7</b>	<b>65.1</b>

(1) including as of June 30, 2009: 87.9 million Saint-Gobain shares, plus Legrand and Bureau Veritas shares worth €1,813.5 million.

(2) See section on Eufor financing in the note on managing liquidity risk.

(3) including as of June 30, 2009:

- guarantees given in the context of the sale of Oranje-Nassau Groep's oil & gas assets. Amounts ranged from 25% to 50% 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 of 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 Wendel

The Wendel group is a party to several agreements governing its relations with its co-shareholders in Materis, Deutsch and Stahl, whether financial co-investors or executives in these companies participating in Wendel's programs enabling them to benefit from the performance of their companies (as described in the note to the 2008 consolidated financial statements entitled "Participation of managers in Group investments").

These agreements contain standard clauses including ones related to:

- corporate governance (composition of governing bodies and rights to information);
- terms of share transfers (lock-up periods, pre-emptive rights);
- exit terms in the event of a sale or IPO (tag-along and drag-along rights);
- executive departures (commitment to sell shares to Wendel in the event of an executive departure from a subsidiary and/or manager's commitment to buy shares in certain specific cases);
- liquidity in certain situations and in particular in the absence of a sale or IPO beyond a certain period of time.

## **Note 18- Risk management**

### Managing equity market risk

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.

These assets are actively managed through constant monitoring of the performance of each company. Growth in Wendel's net asset value 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. These in-depth discussions are supplemented with regular forward-looking analyses. Sharing of information with the subsidiary's management creates genuine sector expertise, making this analysis meaningful. This regular review also makes it possible for Wendel to anticipate developments in each subsidiary or affiliated company and play its role of strategic shareholder.

This company-specific approach is supplemented at the Group level by an overall analysis of the breakdown of Wendel's subsidiaries and investments 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 subsidiary's economic results will not meet Wendel's expectations. This risk

is significant amidst the current heavy volatility on the financial markets and the global economic crisis, which has generated much uncertainty about economic trends.

Wendel may use equity or index derivatives to hedge its asset portfolio. In this regard, Wendel has implemented protection (puts) to hedge against a decline in Saint-Gobain's share price on nearly 36% of Saint-Gobain shares held. This protection frees Wendel from collateral calls on part of the financing for the Saint-Gobain investment (see sections entitled "Managing liquidity risk" and "Derivatives"). Similarly, Wendel has bought protection against financial market declines for a notional amount of €266 million (see note on derivatives). Wendel can also use derivatives with a view to organizing the sale of one of its assets, carrying out an acquisition, or obtaining specific economic exposure.

Equity market risk includes:

- Consolidated and equity-method securities, whose recoverable values used for impairment tests are based on market parameters, including, and depending on the case, the discount rate used in calculating "value in use" or the market price used in calculating "fair value" (see notes on goodwill and equity-method investments);
- Derivatives on listed shares and indexes, which are recognized at market value on the balance sheet, with the impact of a shift in their value being recognized as income. As an indication, at June 30, 2009, a +/-5% variation in the reference price of these financial instruments would have an impact of about +/- €37 million on the income statement. This line item essentially corresponds to Saint-Gobain hedges: when Saint-Gobain's share price declines, the value of the hedges increases, generating a gain in the income statement and vice-versa (see Note 7 "Financial assets and liabilities");
- Changes in collateral given, which are described in the note on managing liquidity risk related to the financing of the Eufor group.

## Summary of equity market risks:

in millions of euros	Gross book value (Group share)	Accumulated impairment (Group share)	Net book value (Group share)	Market value (closing share price)	Impact on the market value of -5% change in share price	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
Equity-method investments									
Saint-Gobain	4,866.8	888.4	3,978.4	2,139.6	-107.0	5	na (1)	+ 592.7 / -493.9	+422.1 / -350.2
Legrand	517.8	0.0	517.8	1,251.9	-62.6	5	0.0	na (5)	na (5)
Stahl	0.0		0.0	na	na	5	na	0.0	0.0
Stahl shareholder loan (2)	68.8	-68.8	0.0	na	na	7	na	0.0	0.0
			0.0						
Consolidated investments									
Bureau Veritas	766.1	na (4)	766.1	1,970.0	-98.5	4	0.0	na (5)	na (5)
Materis	-176.1	na (4)	-176.1	na	na	4	na		
Materis shareholder loan (3)	308.7	0.0	308.7			10		0 / -104	0 / -79
			132.6						
Deutsch	-39.0	na (4)	-39.0	na	na	4	na		
Deutsch shareholder loan (3)	202.6		202.6			10		0 / 0	0 / 0
			163.5						
Stallergenes	43.9	na (4)	43.9	285.8	-14.3	4	0.0	na (5)	na (5)
Financial instruments									
Saint-Gobain protection (puts)	896.7	na	896.7	896.7	+ 34	7	-/+ 34	na	na
Puts on Eurostoxx50 index	5.5	na	5.5	5.5	+ 2.5	7	-/+ 2.5	na	na

- (1) impairment is based on a valuation calculated using the discounted present value of future cash flows. See Note 5 "Equity-method investments".
- (2) classified under assets as "Loans".
- (3) eliminated in consolidation.
- (4) impairment losses on goodwill are irreversible.
- (5) the recoverable value used for impairment tests on this investment is the market share price (fair value).

## Managing liquidity risk

### *Wendel*

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 puts medium to long-term financing in place that is consistent with the maturity of its investments, and extends existing maturities when market conditions permit and Wendel management deems it necessary to do so.

Cash is invested in relatively involatile instruments. Every month cash investments are displayed on a chart showing the monthly position and projections for the coming months. The chart also shows the breakdown between pledged and unpledged cash.

Simulations of collateral calls on Eufor financing (see mechanisms described below) 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, make it possible to analyze the impact of a change in Saint-Gobain's share price on Wendel's liquidity.

### *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. Bank covenants are subject to forecasts for the coming year and over the lifetime of the business plan several times a year and any time an event occurs that could have a material impact on them. These forecasts and calculations of covenant compliance are reported regularly to Wendel.

### **Liquidity - bank covenants**

#### *Wendel*

As of June 30, 2009, gross debt with recourse to Wendel included €2,484 million in Wendel bonds. There was no repayment scheduled on these bonds before the end of 2009. The first scheduled repayment is in 2011, when €584 million comes due, and the remainder is to be repaid between 2014 and 2017 (see detail in Note 10 "Financial debt"). In accordance with Wendel's long-term investment strategy, the average maturity of this debt as of June 30, 2009 was 5.6 years.

As of June 30, 2009, the long-term Standard & Poor's rating attributed to Wendel was BB, with a negative outlook.

At the same date, cash held by Wendel and its holding companies (excl. operating subsidiaries) was as follows:

<i>(in €M)</i>	<b>Available</b>	<b>Pledged</b>	<b>Total</b>
Wendel and holding companies	791.6		791.6*
Oranje-Nassau Groep	519.2		519.2
Eufor group	1.4	1,241.1	1,242.5
<i>(investment in Saint-Gobain)</i>			
<b>Total</b>	<b>1,312.2</b>	<b>1,241.1</b>	<b>2,553.3*</b>

\* before receipt of proceeds from monetizing Saint-Gobain share dividends (€89.8 million) in July 2009.

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 when 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 in difficulty. 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.

With respect to negotiations between operating subsidiaries and their bank lenders in 2009, Wendel has made the following commitments:

- Materis (see "Materis' liquidity"): in the context of the renegotiation of Materis' debt at the end of the first half of 2009, Wendel decided to contribute €36 million in cash to Materis (disbursed after June 30, 2009);
- Deutsch (see "Deutsch's liquidity") in the context of the agreement between Deutsch and its bank lenders in August 2009, Wendel agreed to provide as collateral \$40 million in cash.
- 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, 2009 are described in the paragraph entitled "Liquidity of Eufor group").

The liquidity risk of subsidiaries is therefore presented separately from that of Wendel. Stahl's liquidity is described in Note 5 "Equity-method investments".

Wendel's liquidity risk in 2009 is therefore limited, owing to Wendel's considerable available cash (€1,312.2 million as of June 30, 2009; see table above). This level of liquidity will enable Wendel to meet its cash needs for the rest of the 2009 fiscal year, finance any Eufor group collateral calls related to potential sharp declines in the financial markets and honor the commitments Wendel has made in the context of its subsidiaries' bank negotiations (see Deutsch and Materis).

Wendel also has a €1,200 million undrawn syndicated line of credit, with a maturity of September 2013. The covenants, detailed in the notes to the 2008 consolidated financial statements under liquidity risk, are tested semi-annually when there are outstandings under the facility. The covenants are sensitive to equity market trends, and in the very poor equity market conditions prevailing on June 30, 2009, it would not have been possible to draw on the syndicated credit line. Nevertheless, Wendel's available cash as of June 30, 2009 enables it to do without this facility in the near term.

Wendel's bonds and its syndicated credit are subject to change-of-control clauses described in the notes to the 2008 consolidated financial statements in the section devoted to liquidity risks.

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

As of June 30, 2009, Eufor's gross debt totaled €5,387.4 million and broke down as follows:

- €3,292.2 million in gross debt subject to collateral calls in the form of cash and/or listed shares (Bureau Veritas and Legrand).

The value of collateral given by Eufor (i.e. financed Saint-Gobain shares, listed 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 could therefore choose not to finance 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, 2009, such collateral was composed of financed Saint-Gobain shares, €450 million in cash as part of the initial collateral, €758.4 million as a result of collateral calls, and €1,813.5 million in listed shares (Bureau Veritas and Legrand at market value). Wendel also granted a demand guarantee of €233 million when the financing was put in place.

As of June 30, 2009 Wendel also had €1,312.2 million in available cash and €1,408.4 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.

- €2,095.2 million in gross debt for which financed shares and protection against declines in Saint-Gobain's share price (see note 7 discussion of financial instruments) have been pledged. This financing is not subject to collateral calls, except for initial cash collateral of €32.7 million.

### *Bureau Veritas financial debt*

The gross face value of Bureau Veritas' bank debt was €988.3 million (including accrued interest). See detail of maturity dates in Note 10 "Financial debt". This debt is without recourse to Wendel. Cash totaled €105.7 million as of June 30, 2009.

Bureau Veritas' bank loans are subject to compliance with the following ratios:

- Last-12-month (LTM) earnings before interest, tax, depreciation and amortization (EBITDA) divided by net interest expenses must be greater than 5.5. This ratio is calculated on a rolling 12-month basis.
- the ratio between consolidated net debt of Bureau Veritas and LTM EBITDA must be less than 3. The USPP contract provides for a ratio below 3.25.

These ratios are tested every six months. At June 30, 2009, Bureau Veritas was in compliance with these covenants.

The credit agreements entered into by Bureau Veritas contain standard restrictions for this type of corporate credit line. For example, 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.

#### *Materis' bank debt*

The gross face value of Materis' bank debt was €1,966.2 million (including accrued interest). See detail of maturity dates in Note 10 "Financial debt". This debt is without recourse to Wendel. Cash totaled €141.3 million as of June 30, 2009.

Materis renegotiated its bank debt at the end of June 2009 and obtained the following amendments from its lenders:

- Materis' liquidity is protected until 2013 by:
  - o the rescheduling of the amortizing debt (€290 million in amortization extended to 2013);
  - o capitalization of mezzanine debt interest (€70 million in additional liquidity between now and 2013);
  - o a new €100 million line for capital expenditures and acquisitions;
  - o an additional €40 million envelope available for factoring;
- adjustment of banking covenants to the reality of the economic situation and the company's new business plan;
- authorization to repurchase debt on the secondary market in the future.

In return, lenders will collect an amendment fee and the margin on the amortizing debt will rise (with surplus interest fully capitalized). Wendel and the executive-investors of Materis will contribute equity of €45 million (after June 30, 2009) in the same proportions as the initial investment in 2006. Specifically Wendel will contribute €36 million and the executive-investors €9 million.

Under this agreement, only the following covenants were tested at June 30, 2009:

- the sum of available cash and undrawn lines (RCF, BBF, factoring, investment line) must be greater than €35 million;
- LTM (last-12-month) EBITDA divided by net interest expense, must be greater than 1.6 as of June 30, 2009. The minimum rises to 1.65 at end-2009 and to 3.2 at June 30, 2015. This ratio is calculated on a rolling 12-month basis.

At June 30, 2009, Materis was in compliance with these covenants.

Leverage and debt coverage ratios were suspended and will be tested again beginning on June 30, 2010:

- the ratio between consolidated net debt (excluding shareholders loans) and LTM EBITDA must be below 9.9 as of June 30, 2010. This ceiling falls to 4.92 at December 2016.
- the ratio of cash flow after capex and dividends, plus up to €35 million in available cash, divided by total debt service, i.e. interest payable plus scheduled principal repayment, must be greater than 1. This ratio is calculated on a rolling 12-month basis

Finally, the covenant related to capital expenditures will be tested on December 31, 2009. Capex must not exceed €60 million in 2009 and €75 million in 2010 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, exit from a tax consolidation group, asset divestments, guarantees given, 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's bank debt*

The gross face value of Deutsch's bank debt was €541.6 million (including accrued interest). See detail of maturity dates in Note 10 "Financial debt". This debt is without recourse to Wendel. Cash totaled €48.1 million as of June 30, 2009.

As of June 30, 2009, Deutsch was not in compliance with its senior debt and second lien (net debt/LTM EBITDA) covenants. As a result, Deutsch's gross financial debt was reclassified as current liabilities.

To resolve this non-compliance situation on the senior debt and second lien, Deutsch negotiated and reached an agreement with its lending banks in August 2009 before delivering its covenant compliance certificate to the



banks. This agreement eliminated the compliance requirement on the June 2009 test and reduced it for the end-September 2009 test.

The principal components of the agreement were as follows:

- the banks' right to declare an event of default for non-compliance with the senior debt and second lien covenants as of June 30, 2009 was suspended (Deutsch was in compliance with mezzanine debt covenants, as thresholds on this debt category are more lenient);
- for senior debt, second lien and mezzanine debt, the three customary covenants (net debt/LTM EBITDA, cash flow after capex and dividends/debt service and LTM EBITDA/interest) for end-September 2009 were replaced by the following two covenants:
  - o minimum cash of \$40 million and
  - o minimum LTM EBITDA of \$75 million (including 100% of LADD's EBITDA)).

According to management's forecasts, the company expects to be in compliance with these covenants;

- at end-December 2009 the covenants of the initial bank loan agreement will apply;
- the shareholders of Deutsch have opened an escrow account with the agent bank with a balance of around \$44.5 million (including \$40 million supplied by Wendel) until March 31, 2010 in the absence of default. This cash can be called by the banks i) if the Deutsch's cash falls below \$40 million at the end of each month and ii) to pay cash interest expense on the mezzanine debt (ca. \$2.5 million);
- certain additional financial information about Deutsch's business trends must be provided;
- an amendment fee must be paid.

At December 31, 2009, Deutsch must be in compliance with the ratios of the initial contract, which are as follows:

- the ratio between Deutsch's consolidated net debt (excluding shareholders loans) and the LTM EBITDA must be less than or equal to 5.85 as of December 31, 2009 (this ceiling falls to 3.5 at June 30, 2013);
- 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.
- LTM EBITDA divided by net interest expense, must be greater than or equal to 2 at December 31, 2009. The minimum rises to 3 at September 30, 2013. This ratio is calculated on a rolling 12-month basis.
- Capex must not exceed \$38 million for 2009.

Deutsch will pursue discussions with its banks to make the constraints of its bank loan documentation more flexible, in particular the covenants, so that it can adapt to the economic environment.

The credit agreements entered into by Deutsch contain standard restrictions for this type of LBO credit line.

Certain transactions, such as mergers, exit from a tax consolidation group, asset divestments, guarantees given, 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.

### **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). Nevertheless, the Group's overall position is monitored by Wendel, which may use derivatives to manage the Group's overall interest-rate exposure.

As of June 30, 2009 Wendel's interest-rate exposure was limited, insofar as almost all borrowings were at fixed or capped rates:

<i>in billions of euros</i>	Fixed rate	Capped rate	Floating rate
Gross debt	2.8		8.6
Cash and financial investments			-3*
Impact of derivatives	3.2	1.4	-4.6
<b>Interest-rate exposure</b>	<b>6</b>	<b>1.4</b>	<b>1</b>
	70%	17%	13%

\* : includes 0.1 billion representing monetization of Saint-Gobain share dividend (payment after June 30, 2009).

A +/-100 basis-point variation in the interest rates to which the consolidated Group's interest-rate exposure is indexed would have an impact in the range of €14/+12 million on net financial expense before tax over the next 12 months (based on exposure & interest rates at June 30, 2009, impact of maturity of interest-rate hedges).

### **Managing credit risk**

Each operating subsidiary has set up a policy to monitor its customer credit risk, and the receivables for which a risk exists are subject to write-down. At year-end, there was no significant concentration of credit risk.

Derivative contracts are entered into with top-rated financial institutions and cash surpluses are invested with top-rated banks.

### **Managing currency risk**

The currency risk situation has not changed significantly since December 31, 2008 (see note on currency risks in the 2008 consolidated financial statements).

## **Note 19- Related parties**

Wendel's related parties are:

- Legrand, Saint-Gobain and Stahl, which are accounted for by the equity-method,
- Members of the Supervisory Board and Executive Board, and
- Wendel Participations, which is the Group's control structure.

### *Legrand*

During the first half of 2009, Wendel received €56.4 million in dividends from Legrand.

### *Saint-Gobain*

During the first half of 2009, Wendel received €89.8 million in dividends from Saint-Gobain. This dividend was paid in the form of 3.9 million newly-issued Saint-Gobain shares. Wendel monetized these shares for €89.8 million under a financial contract with a bank. The contract enabled Wendel to receive a premium of €6.8 million in addition to the dividend of €89.8 million.

The Saint-Gobain group has commercial relationships with some of Wendel's fully-consolidated subsidiaries, mainly Materis. These transactions took place at market value and were not affected by the stake that Wendel holds in Saint-Gobain.

### *Stahl*

The Stahl investment was realized in part through a shareholder loan. This loan totaled €68.8 million at June 30, 2009 (excluding IFRS accounting restatements and prior to impairment).

### *Members of the Supervisory Board and Executive Board*

Compensation of members of the Supervisory Board and Executive Board was presented in the 2008 annual report.

Certain corporate officers are shareholders in the co-investment companies described in the section entitled "Participation of managers in Group investments" in the notes to the 2008 consolidated financial statements.

At the time of the departure of Jean-Bernard Lafonta, who was Chairman of the Executive Board until April 7, 2009:

- Mr. Lafonta's employment contract was reactivated. It had been suspended in 2002 at the start of his term as CEO. He left the company on June 1, 2009, and benefited from severance pay under the collective bargaining agreement of the French metallurgy sector, based on his most recent compensation as a corporate officer, without any further payments;
- Mr. Lafonta forfeited 350,000 stock options granted in 2008 and 280,000 stock options granted in 2007;
- Mr. Lafonta conserved the co-investments that were made by him and had already vested. Separately, Wendel decided to repurchase Mr. Lafonta's share in co-investments already made by him but not yet vested at their initial subscription price of €2.5 million.

#### *Wendel Participations*

Wendel Participations is owned by approximately 950 individual shareholders, who are members of the Wendel family. It owns about 34% of Wendel's share capital.

Other than dividends received, there is no significant economic or financial relationship between Wendel Participations and Wendel.

There is a memorandum of understanding on the use of the "Wendel" name, a brand licensing agreement (exclusive operating license for the Wendel brand, "Wendel Investissement"), a contract under which Wendel provides administrative services to Wendel Participations and a real estate leasing commitment.

## **Note 20- Subsequent events**

#### *Renegotiation of Eufor group refinancing*

See Note 10 "Financial debt".

#### *Deutsch group bank agreement*

See Managing liquidity risk in Note 18 "Risk management".

## **Auditors report**

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# Statutory Auditors' review report on the condensed half-yearly consolidated financial statements

*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 Annual General Meeting and in accordance with article L.451-1-2 III of the French monetary and financial code ("Code monétaire et financier"), we hereby report to you on:

- our review of the accompanying condensed half-yearly consolidated financial statements of Wendel, for the period from January 1<sup>st</sup>, 2009 to June 30<sup>th</sup>, 2009, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the executive board. They were prepared in a context of economical crisis, which already prevailed at December 31<sup>st</sup>, 2008 year-end, characterized by the difficulty in predicting future market trends. 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 the 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 the professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not 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 these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying our opinion, we draw your attention to:

- Note 5 to the consolidated financial statements "Equity-method investments – impairment test on equity-method investments" which describes the methods applied to value the interest held in Saint-Gobain based on value in use in accordance with IFRS, and in particular in relation to the following points:
  - The value in use of the interest in Saint-Gobain was valued by the Company at €44.3 per share at June 30, 2009, taking into account the facts and circumstances at the balance sheet date as well as the information available at the date of approval of the half-yearly financial statements. This valuation led to an impairment loss of €691.9 million for the period.
  - The uncertainties with regard to the outlook for the global economy make forecasting difficult and

the actual amounts could be at variance from the forecasts established within the scope of the impairment test performed. 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, 2009.

– A sensitivity analysis in the event of a 0.5% increase or 0.5% decrease in the discount rate and a sensitivity analysis in the event of a 0.5% increase or a 0.5% decrease in the long-term growth rate.

- Note 7.E (1) to the consolidated financial statements “Financial assets and liabilities – Derivatives” which concerns derivatives used to hedge against a decrease in the price of the Saint-Gobain share indicates that these instruments are valued in accordance with IAS 39 on the basis of market inputs on the balance sheet date. When the price of Saint-Gobain shares decreases, the value of the derivatives used for hedging increases, and vice versa. The change in the fair value of these instruments had a positive impact of €136.4 million on income in the half-year 2009.

## **2. Specific verification**

We have also verified the information provided in the interim management report in respect of the half-yearly financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-yearly financial statements.

Neuilly-sur-Seine and Paris-La-Défense, August 31, 2009

The Statutory Auditors

*French original signed by*

PricewaterhouseCoopers Audit  
Olivier Thibault

ERNST & YOUNG Audit  
Jean-Pierre Letartre

## **Certification**

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## 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 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, 2009

Frédéric Lemoine – Chairman of the Executive Board

*“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.”*