Annual report 2010

Report of the Board of Directors

Séché environnement

Séché global solutions

Contents

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1 Management report

1.1. Highlights from 2010

In 2010, the Séché Group returned to growth, capitalizing on its strong capacity to adapt to market disturbances, the resilience of its activities and the diversification of its customer base.

The dynamic efforts of its sales teams led to the definitive attribution of the delegated public service contract for the urban community of Strasbourg, effective management of which was taken over by the Group on July 6, 2010, and to the securing of several long-term contracts (in particular the Millénium and Guadeloupe contracts) which, although they had no significant effects on the year 2010, will underpin growth in future years.

With revenues of EUR 402.1 million, an increase of + 10% compared with 2009, the Group confirms its stable level of profitability from operations, with current operating income increasing by EUR + 3.5 million to EUR 66.9 million (+ 16.6% of revenues).

Income from consolidated companies, reinforced by strong operating performance, was nevertheless penalized in 2010 by the impact of a change in the method of accounting for business combinations (first application of amended IFRS 3 – business combinations) which led to a non-recurring, non-cash charge of EUR 4.9 million in operating income (which stood at EUR 60.4 million against EUR 63.4 million the previous year). The impact of the application of this standard on income from consolidated companies, taking account of the tax effect, was EUR –3.2 million.

After taking into account the results of affilates, net income (Group share) came out at the end of 2010 at EUR 27.4 million, compared with EUR 24.9 million at the end of 2009, stable at + 6.8% of revenue. If restated to take account of the non-recurrent effects of amended IFRS 3, net income would come out at EUR 30.6 million (7.6% of revenues), an increase on 2009 of + 22%.

1.2. 2010 activity and results

1.2.1. Activity in 2010

EXTRACTS FROM CONSOLIDATED INCOME STATEMENT (IN MILLIONS OF EUROS)	2008 ACTUAL	2009 ACTUAL	2010 ACTUAL
REVENUES	**383.2**	**365.7**	**402.1**
EBITDA (earnings before interest, tax, depreciation and amortization)	101.0	96.5	101.4
Current operating income	65.1	63.4	66.9
Operating income	65.4	63.5	60.4
Net financial income	(5.1)	2.5	6.9
Tax	(20.1)	(18.2)	(21.2)
NET EARNINGS OF CONSOLIDATED COMPANIES	**40.2**	**47.8**	**46.1**
Share of income of affiliates	(8.7)	(22.9)	(19.2)
CONSOLIDATED NET INCOME (GROUP SHARE)	**31.7**	**24.9**	**27.4**

1.2.1.1. Revenues

Revenues generated by Séché Environnement in 2010 amounted to EUR 402.1 million. against EUR 365.7 million in 2009 in reported data, which represented an increase of + 10.0% on the year. The Group was able to take advantage of the stability of its regulated markets, the results of its dynamic sales efforts and of strong performance in all its activities.

1.2.1.1.1. Breakdown of revenues by division

BREAKDOWN OF REVENUES	2008 ACTUAL		2009 ACTUAL		2010 ACTUAL	
By division	**M€**	**%**	**M€**	**%**	**M€**	**%**
HW treatment	267.0	69.7%	250.8	68.6%	267.3	66.5%
NHW treatment	116.1	30.3%	114.9	31.4%	134.8	33.5%
TOTAL	**383.2**	**100%**	**365.7**	**100%**	**402.1**	**100%**
of which Energy	*5.8*	*1.5%*	*13.1*	*3.6%*	*17.3*	*4.3%*

In the hazardous waste (HW) treatment activity, revenue growth reached + 6.6%, taking advantage of the favourable orientation of the industrial situation towards the Group's principal treatment and recovery activities.

The non-hazardous waste (NHW) activity achieved revenue growth of + 17.3%, the result in part of the contribution made by the Strasbourg contract (EUR 9.2 million in the year). This sharp increase also reflects the growth dynamic generated by the regulatory climate resulting from the French "Grenelle" conference on the environment. Thus, aside from the Strasbourg public service delegation contract, the growth of this activity would have been + 9.4%, essentially due to an increase in volume.

Electricity sales from the conversion of biogas totalled EUR 7.4 million over the period, an increase over the previous year of + 21.3%.

1.2.1.1.2. Breakdown of revenues by region

BREAKDOWN OF REVENUES	2008 ACTUAL		2009 ACTUAL		2010 ACTUAL	
By region	**M€**	**%**	**M€**	**%**	**M€**	**%**
Subsidiaries in France	360.2	94.0%	345.8	94.6%	380.6	94.7%
International subsidiaries	23.0	6.0%	19.9	5.4%	21.5	5.3%
TOTAL	**383.2**	**100%**	**365.7**	**100%**	**402.1**	**100%**

The activities of the Group's international subsidiaries are now concentrated as follows:

- solvent regeneration activities in Spain;
- gas treatment activites in Germany;
- hazardous waste treatment in Hungary;
- pre-treatment activities in Latin America. which help generate business for the waste treatment facilities in France.

Over the year. activity in the Group's international subsidiaries posted growth of + 8.0%, resulting from improvements in all market segments (in particular, regeneration and gas treatment).

1.2.1.2. EBITDA (earnings before interest, tax, depreciation and amortization)

Group EBITDA came out at EUR 101.4 million, versus EUR 96.5 million in 2009, an increase of EUR + 4.9 million in actual reported data (+ 5.0%). This rise in EBITDA was essentially due to an improvement in margins mechanically linked to the increase in activity (EUR + 9.6 million). However, it was impacted by:

- the start-up of Sénerval EUR – 0.9 million;
- unfavourable mix effects EUR – 2.5 million;
- the non-recurrent effect of tax investigations EUR – 1.3 million.

1.2.1.3. Current operating income

Operating profitability increased from EUR 63.4 million (17.3% of revenues) to EUR 66.9 million (16.6% of revenues).
This increase in value (EUR + 3.5 million) was mainly attributable to the increase in EBITDA (EUR + 4.9 million), net of the non-recurring effect of provisions for amortization related to the progress of old operational disputes now totally provisioned (EUR – 1.4 million).

French operations were responsible for more than 98% of the Group's current operating income, posting current operating income of EUR 65.7 million, or 17.3% of the revenues generated in France (versus 18.1% in 2009, at EUR 62.6 million).

International operations yielded a contribution of EUR 1.1 million, representing 5.3 % of revenues, a contribution which showed a slight increase following the resumption of activities of the subsidiaries concerned.

1.2.1.4. Operating income

The Group's operating income came out at EUR 60.4 million (15.0 % of revenues) at the end of 2010, a fall of EUR 3.0 million compared with 2009. In 2010, it was penalized by:

- the first-application effects of amended IFRS 3, representing a drop of EUR – 4.9 million (as a result of the requirement to book immediately as expenses the acquisition costs incurred in connection with the business combination around the Hime sub-group);
- significant non-recurring charges of EUR 2.3 million concerning the removal to new premises of the Paris headquarters of Tredi SA.

Disregarding these exceptional, non-cash elements, operating income for 2010 would have amounted to EUR 67.7 million, or 16.9% of revenues (against EUR 63.5 million in 2009), in line with the change in current operating income.

1.2.1.5. Net financial income

Net financial income for 2010 came out at EUR + 6.9 million, against EUR + 2.5 million in 2009, an increase of EUR + 4.4 million. This decisive improvement is due to:

- a reduction in the cost of financial debt net of hedging effects, both from lower rates, hedge quality and a reduction in borrowings (a positive impact on net income of EUR + 2.0 million);
- the effects of annual capitalization of interest on convertible bonds (positive impact on net income of EUR + 1.2 million);
- the non-cash impact of a revision of the updating of provisions for 30-year monitoring (EUR + 1.1 million).

1.2.1.6. Corporation Tax

The Group's corporation tax charge amounted to EUR 21.2 million en 2010, against EUR 18.2 million at December 31, 2009. This increase results both from the improvement in Group profitability and from the effects in 2009 of residual restructuration operations in the Americas, which involved the consumption of non-activated tax losses.

This 2009 base effect also resulted in a change to the apparent tax rate: in 2010, this increased by 3 points to 31.5% against 27.6% in 2009. The Group's effective tax rate amounted to 34.43 %.
The apparent tax rate remains structurally below the effective rate because of the absence of taxation of a portion of the interest earned on convertible bonds.

1.2.1.7. Net income of consolidated companies

Net income from consolidated companies amounted to EUR 46.1 million in 2010, an apparent fall compared to the corresponding figure for net income of consolidated companies in 2009 (EUR 47.8 million) of EUR – 1.7 million. The after-tax improvement in current operating income and net financial income of EUR + 1.5 million was largely penalized by the non-recurring effects of the application of amended IFRS 3 (EUR – 3.2 million).

1.2.1.8. Share of income of affiliates

Income from affiliates recorded in the Group's consolidated financial statements breaks down as follows:

	2008		2009		2010	
(IN MILLIONS OF EUROS)	HIME	OTHER (*)	HIME	OTHER (*)	HIME	OTHER (*)
Current operating income	70.0	Ns	57.6	(0.2)	65.1	(0.1)
Net financial income	(119.1)	0.1	(137.5)	(0.1)	(135.1)	(0.1)
Tax	20.9	(0.1)	9.2	Ns	15.1	Ns
NET INCOME OF AFFILIATES (GROUP SHARE)	(26.7)	0.1	(69.0)	(0.2)	(58.1)	(0.2)
Share of net income of affiliates	(8.8)	0.1	(22.7)	(0.2)	(19.2)	Ns
TOTAL SHARE OF NET INCOME OF AFFILIATES	(8.7)		(22.9)		(19.2)	

(*) The other affiliates are Barre Thomas, SEA (up to the date of its disposal in 2008), SCI Noiseraie and Altergies.

Note: only the last line of the table is included in the Group's consolidated income statement, under "Share of income of affiliates".

Changes to this line item in 2010 are nearly all attributable to improving income in the HIME sub-group.

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The main items of the HIME sub-group's activities are presented in the table below:

(IN MILLIONS OF EUROS)	DEC. 31, 2008			DEC. 31, 2009			DEC. 31, 2010		
	WATER	WASTE	TOTAL	WATER	WASTE	TOTAL	WATER	WASTE	TOTAL
Revenues	1 224.7	312.2	1 536.9	1 209.7	307.2	1 516.9	1 231.7	325.3	1 557.0
% growth	+ 5.3%	+ 0.9%	**+ 4.4%**	– 1.2%	– 1.6%	**– 1.3%**	+ 1.8%	+ 5.9%	**+ 2.6%**
EBITDA	129.8	36.9	166.7	139.9	35.9	175.8	148.5	38.5	187.0
% of revenues	10.6%	11.8%	**10.9%**	11.6%	11.7%	**11.6%**	12.1%	11.8%	**12.0%**
Current operating income	60.7	9.3	69.9	53.6	4.1	57.7	58.9	6.2	65.1
% of revenues	5.0%	3.0%	**4.6%**	4.4%	1.3%	**3.8%**	4.8%	1.9%	**4.2%**
Operating income	60.0	9.3	69.3	55.9	4.9	60.8	56.6	6.7	63.3
% of revenues	4.9%	3.0%	**4.5%**	4.6%	1.6%	**4.0%**	4.6%	2.1%	**4.1%**
Net financial income			**(119.1)**			**(137.5)**			**(135.2)**
Taxes			**20.9**			**9.1**			**15.1**
Net income (Group share)			**(26.7)**			**(69.2)**			**(58.1)**
SHARE HELD BY SÉCHÉ			**(8.8)**			**(22.7)**			**(19.2)**

The HIME sub-group posted EUR 1 557.0 million in revenue in 2010 compared to EUR 1 516.9 million during the previous year, an increase of EUR + 30.1 million (+ 2.6%). Similarly, EBITDA grew by EUR + 11.2 million (+ 6.4%) to EUR 187 million (versus EUR 175.8 million in 2009).

By core business, operating profitability breaks down as follows:

Water

The water activity generated revenues in 2010 of EUR 1 231.7 million (+ 1.8%) and EBITDA of EUR 148.5 million (up EUR + 8.6 million compared with the EBITDA achieved in 2009 of EUR 139.9 million).
The dynamism of these activities on international markets, and the effects of the adaptive measures taken in 2009, made it possible to compensate for the unfavourable effects of competition, and the stability of the works activity.

Waste

The waste management business generated revenues in 2010 of EUR 325.3 million, an increase of + 5.9%, and an EBITDA of EUR 38.5 million (up EUR + 2.6 million). This business benefited mainly from the increase in secondary raw materials prices (which led to an improvement in gross profit margins of EUR + 3.4 million).

The combined improvement in EBITDA of the water and waste businesses enabled HIME to post

EBITDA of EUR 187 million for the year 2010, compared with EUR 175.8 million in 2009 (an increase of EUR + 11.2 million).

Current operating income came out at EUR 65.1 million in 2010, an increase of EUR + 7.5 million. Strengthened by the improvement in EBITDA (EUR + 11.2 million) and the non-renewal of provisions for international business (which amounted to EUR 9.5 million in 2009), COI was penalized in 2010 by EUR – 15.3 million in respect of revisions to the professional tax base as a result of tax investigations.

HIME's operating income progressed by EUR + 2.5 million, rising from EUR 60.8 million in 2009 to EUR 63.3 million in 2010. It should be noted that capital gains on the sale of Harbin stock were booked in 2009 for EUR 2.4 million, and that costs incurred for actions brought before the ICSID (in Argentina) were booked in 2010.

The HIME sub-group posted financial income of EUR – 135.2 million, compared with EUR – 137.5 million in 2009. It includes an increase in interest charges for convertible bonds (interest capitalization effect), stability in the cost of debt related to the optimization of hedging, and a favourable effect of EUR + 1.7 million linked to changes in the debt of the Ecovert pension fund, following regulatory changes in the United Kingdom.

The HIME sub-group's financial income breaks down as follows:

(IN MILLIONS OF EUROS)	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010
Bank interest charges	(96.1)	(94.3)	(92.3)
Income from cash investments	12.2	2.8	1.5
Other financial income and expenses	(1.5)	(5.3)	(0.5)
FINANCIAL INCOME EXCLUDING REMUNERATION OF SHAREHOLDERS	**(85.3)**	**(96.8)**	**(91.3)**
Interest charges on convertible bonds (remuneration of shareholders)	(33.7)	(40.7)	(43.9)
FINANCIAL INCOME	**(119.1)**	**(137.5)**	**(135.2)**

All these changes led the HIME sub-group to post net income of EUR – 58.1 million for the year 2010, against EUR – 69.2 million in 2009.

The HIME sub-group's assets at year-end break down as follows:

(IN MILLIONS OF EUROS)	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010
Non-current assets	3 088	3 079	3 057
Current assets net of cash and cash equivalents	981	993	998
Cash and cash equivalents	162	103	166
Shareholders' equity (including minority interests)	241	155	73
Non-current liabilities	2 607	2 724	2 770
Current liabilities	1 383	1 296	1 378

Non-current assets mainly consist of goodwill (EUR 1 986 million), property, plant and equipment and other intangible assets (EUR 1 036 million).

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Liabilities (current and non-current) break down as follows:

(IN MILLIONS OF EUROS)	DEC. 31, 2008 NON-CURRENT	DEC. 31, 2008 CURRENT	DEC. 31, 2008 TOTAL	DEC. 31, 2009 NON-CURRENT	DEC. 31, 2009 CURRENT	DEC. 31, 2009 TOTAL	DEC. 31, 2010 NON-CURRENT	DEC. 31, 2010 CURRENT	DEC. 31, 2010 TOTAL
Financial debt	2 072	141	**2 213**	2 094	18	**2 112**	2 122	28	**2 150**
Provisions	534	11	**545**	529	11	**540**	511	12	**523**
Other liabilities	1	1 228	**1 229**	101	1 263	**1 364**	137	1 336	**1 473**
Tax due	/	3	**3**	/	4	**4**	/	2	**2**
TOTAL	**2 607**	**1 383**	**3 990**	**2 724**	**1 296**	**4 020**	**2 770**	**1 378**	**4 148**

In compliance with IFRS, convertible bonds issued by HIME are booked as follows:

- EUR 430.1 million in financial debt (including EUR 15.0 million in accrued interest);
- EUR 89.1 million in shareholders' equity.

Non-current provisions include a provision for deferred tax liabilities of EUR 175.5 million which are principally the result of first consolidation differences booked under intangible assets.

The cash-flow chart of the HIME sub-group stands as follows:

(IN MILLIONS OF EUROS)	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010
Cash flow generated by activities	96.7	126.3	242.0
Cash flow linked to investment operations	(66.9)	(49.3)	(72.1)
Cash flow linked to financing operations	(91.0)	(129.8)	(117.5)
CHANGE IN CASH FLOW	**(63.0)**	**(52.8)**	**52.4**

The change in the HIME sub-group's cash flow in 2010 was positive, at EUR + 52.4 million (versus EUR – 52.8 million the previous year). This positive variation in cash flow stems from an appreciable improvement in cash generated by operations, which was sufficient in 2010 to cover the costs of investments and financing.

Cash generated by operations amounted to EUR 242.0 million and include:

- cash flow of EUR 174.1 million (compared to EUR 160.3 million in 2009) ;
- a variation in WCR linked to operations of EUR + 70.9 million, principally due to a reduction in customer receivables of EUR – 13 million (through optimization and acceleration of the invoicing process), better management of supplier debt following the year 2009,

which was particularly impacted by the French Economic Modernization Act (EUR + 25 million), and the impact of leaving the paid holidays fund (EUR + 30 million). By comparison, in 2009, the variation in WCR amounted to EUR – 55.9 million.

- a tax payment of EUR – 3,1 million. By contrast, in 2009 HIME received the reimbursement of a corporation tax advance payment amounting to EUR 24.3 million (advance payments made in 2008 following the first year of tax consolidation).

Net outflows linked to investments amounted to EUR 72.1 million (an increase of EUR + 22.9 million), in line with the investment programme.

Net outflows linked to financing essentially concern payment of interest on debts (including convertible bonds) and, in 2009, the reimbursement by HIME of its revolving credit line (EUR 18 million).

1.2.1.9. Consolidated net income, Group share

The Séché Group, despite being penalized by the non-recurring, non-cash effects of implementation of the amended IFRS 3 standard (EUR – 3.2 million), was nevertheless able to post an increase of + 10% in its net income for the year 2010 (EUR + 2.5 million), to EUR 27.4 million, compared with EUR 24.8 million for the year 2009.

1.2.2. Cash flow

The Group's cash flow management policy remains optimization of its financing flexibility. This requires a policy of selective investments. To this end, 2010 was marked by a continuing, particularly selective investment policy, oriented towards storage, energy and incineration activities (process optimization), which will be able to generate recurrent cash flows for the years to come.

The cash-flow position of the Séché Group can be summarized as follows:

(IN MILLIONS OF EUROS)	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010
Cash flow generated by activities	70.5	72.1	93.0
Cash flow linked to investment operations	(45.3)	(25.1)	(22.6)
Cash flow linked to financing operations	(41.2)	(26.4)	(46.3)
CHANGE IN CASH FLOW	**(16.1)**	**20.6**	**24.2**

1.2.2.1. Net cash from operations

Cash flow generated in 2010 by the Séché Group's operations amounted to EUR 93.0 million (against EUR 72.1 million in 2009), an improvement of EUR + 20.9 million. This increase was due to the combined effects of the following factors:

- an improvement in cash flow generated from operations of EUR + 7 million, related to the growth in activities;
- a positive variation in WCR of EUR + 3.2 million, contributing to an overall improvement of EUR + 7.6 million compared with the variation posted in 2009;
- the reduction in tax expenses resulting from a change in the dates of advance payments (a positive effect of EUR + 6.3 million).

1.2.2.2. Net cash paid out for investments

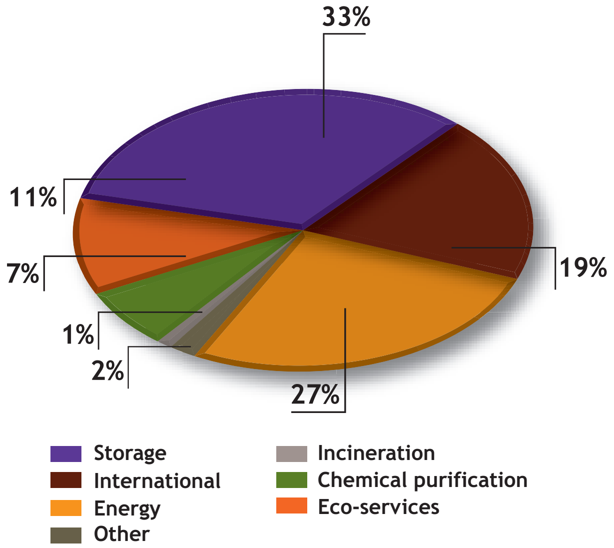
(IN MILLIONS OF EUROS)	2008	2009	2010
Capital expenditures	51.4	20.7	33.9
Financial investments	2.1	0.5	0.7
INVESTMENTS BOOKED (*)	53.5	21.2	34.6
Capital expenditures	48.2	29.9	27.0
Financial investments (**)	0.1	(4.8)	(4.4)
INVESTMENTS PAID OUT	48.3	25.1	22.5

(*) Excluding financial lease agreements.

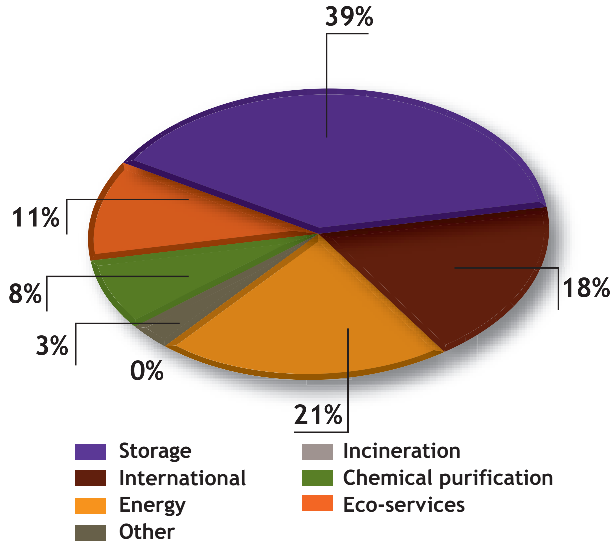
(**) In 2009, Séché Environnement received EUR 5 million from HIME as payment for a portion of interest on convertible bonds. In 2010, Séché Environnement received EUR 5.5 million.

The Séché Group's booked capital expenditures amounted to EUR 33.9 million and mainly concerned investments in storage activities (EUR 11.1 million, of which EUR 6.4 million on storage cells), energy (EUR 9.1 million) and incineration (EUR 4.7 million).

2010 Capital Expenditure



2009 Capital Expenditure



The Group's capacity to finance its investments itself is presented below:

CASH FLOW AND INVESTMENTS

(IN MILLIONS OF EUROS)	2008	2009	2010
Cash flow (before taxes and financial expenses) (A)	97.8	94.6	101.5
CAPITAL EXPENDITURES (B)	51	21	34
HW	41%	41%	43%
NHW	59%	59%	57%
(A) / (B)	192.0%	456.9%	293.1%
FINANCIAL INVESTMENTS (C)	2.1	0.5	0.7

1.2.2.3. Net cash from financing activities

Group net cash from financing activities covers any cash flows arising from:

- debt (new borrowings, loan repayments, interest payments);
- shareholder remuneration (dividends).

The table below presents changes in net debt over the last three years.

(IN MILLIONS OF EUROS)	2008	2009	2010
Non-current financial debt	251.3	233.2	193.7
Current financial liabilities	27.4	31.2	44.6
Cash and cash equivalents	(8.7)	(19.1)	(43.4)
NET FINANCIAL DEBT	270.0	245.3	194.9
NET DEBT TO BANKS (*)	268.8	244.2	193.9

(*) Calculated under the terms of the banking contract, which excludes certain lines of financial debt from the definition of debt.

At December 31, 2010, 90% of gross financial debt had been hedged at fixed rates.

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1.2.3. Balance sheet structure

EXTRACT FROM CONSOLIDATED BALANCE SHEET (IN MILLIONS OF EUROS)	2008 ACTUAL	2009 ACTUAL	2010 ACTUAL
Non-current assets	629	592	575
Current assets (excluding cash and cash equivalents)	145	136	133
Cash and cash equivalents	9	19	43
Shareholders' equity (including minority interests)	353	360	370
Non-current liabilities	260	241	200
Current liabilities	169	147	182

1.2.3.1. Non-current assets

Non-current assets are primarily fixed assets (tangible and intangible - including goodwill - and financial) and deferred tax assets.

The change from December 31, 2009 to December 31, 2010 of EUR – 17 million was primarily attributable to:

- an increase in tangible and intangible fixed assets of EUR + 2.1 million, in line with the measured resumption of investments and the activation of an exploitation right;
- the recognition of EUR + 8.9 million in interest for the period on HIME convertible bonds (EUR + 14.4 million), net of a part of the interest following payment by HIME of EUR 5.5 million;
- a change in the value of HIME shares accounted for by the accounting method (EUR – 27.2 million) principally due to losses recorded in 2010 (EUR – 19.2 million) and the change of the fair value of hedging instruments used by HIME (EUR –7.8 million).

1.2.3.2. Current assets (excluding cash and cash equivalents)

The slight reduction in current assets excluding cash of EUR – 3.0 million is primarily attributable to implementation of the amended IFRS 3 standard (EUR 4.9 million of prepayments booked as income) and to good management of customer credit in the context of renewed growth of activities.

1.2.3.3. Shareholders' equity

The change in shareholders' equity in 2010 breaks down as follows:

(IN MILLIONS OF EUROS)	GROUP	*SHARE OF HIME*	MINORITY INTERESTS
SHAREHOLDERS' EQUITY AT JANUARY 1, 2010	**358.7**	***(76.3)***	**1.0**
Dividends paid	(11.2)		
Net earnings (Group share)	27.4	*(19.2)*	(0.5)
Foreign currency differences			
Hedging instruments	(6.2)	(7.8)	
Fair value of assets available for sale	(0.1)		
Treasury stock	0.2		
Entry into scope			
Other changes		*(0.2)*	0.5
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2010	**368.8**	**(103.5)**	**1.0**

1.2.3.4. Current and non-current liabilities

Current liabilities represent all liabilities with a maturity of less than one year. Non-current liabilities therefore represent all liabilities with a maturity of more than one year. Current and non-current liabilities break down as follows:

(IN MILLIONS OF EUROS)	DEC. 31, 2008 NON-CURRENT	CURRENT	TOTAL	DEC. 31, 2009 NON-CURRENT	CURRENT	TOTAL	DEC. 31, 2010 NON-CURRENT	CURRENT	TOTAL
Financial debt	251.3	27.4	**278.7**	233.2	31.2	**264.4**	193.7	44.6	**238.3**
Hedging instruments	4.6	0.3	**4.9**	3.6	1.7	**5.3**	2.0	0.6	**2.6**
Provisions	3.8	13.6	**17.4**	3.7	13.5	**17.2**	2.8	18.0	**20.8**
Other liabilities	0.2	127.4	**127.6**	0.2	100.1	**100.3**	1.4	114.4	**115.8**
Tax due	/	0.4	**0.4**	/	0.6	**0.6**	/	4.6	**4.6**
TOTAL	**259.9**	**169.1**	**429.0**	**240.7**	**147.1**	**387.8**	**199.9**	**182.2**	**382.1**

Current and non-current liabilities came out at EUR 382.1 million, a decrease of EUR – 5.7 million. This decrease reflects contrasting variations, in particular:

- an increase in current operational debts (EUR + 15.4 million), a consequence both of renewed growth in activities and of investments made in the last quarter;
- a reduction in the Group's gross financial debt (EUR –26.1 million);
- an increase in tax debt (EUR + 4.0 million).

Changes in the Group's net financial debt break down as follows:

(IN MILLIONS OF EUROS)	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010
Bank loans	238.2	238.2	216.3
Lease finance debt	28.8	24.6	20.4
Miscellaneous financial debt	0.4	0.3	0.3
Short-term bank borrowings	10.5	0.5	0.6
Equity investment	0.8	0.8	0.8
TOTAL FINANCIAL DEBT (CURRENT AND NON-CURRENT)	**278.7**	**264.4**	**238.3**
Cash balance	(8.7)	(19.1)	(43.4)
NET FINANCIAL DEBT	**270.0**	**245.3**	**194.9**
of which less than one year	*18.7*	*12.1*	*1.3*
of which more than one year	*251.3*	*233.2*	*193.7*

The Group's net financial debt fell by EUR – 50.3 million under the combined effect of the amortization of debts (EUR – 27 million), control of investments and WCR.

1 Management report

1.3. Group structure

1.3.1. Séché Environnement SA - parent company

(IN THOUSANDS OF EUROS)	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010	CHANGE
Revenues	14 723	13 157	14 683	1 526
Operating income	2 233	3 956	4 586	630
Net financial income	30 457	36 894	39 049	2 155
Extraordinary items	(837)	(142)	1 849	1 991
Corporate tax (including tax consolidation)	1 100	(748)	(2 583)	(1 835)
NET EARNINGS	**32 954**	**39 960**	**42 901**	**2 941**

The net income of Séché Environnement SA for 2010 came out at EUR 42.9 million, versus EUR 40 million in 2009, an increase of EUR + 2.9 million. This progress is mainly attributable to the improvement in its net financial income (EUR + 2.2 million), showing the effects of reductions in the company's cost of debt: Séché Environnement SA benefited both from a reduction in the level of its indebtedness and from the effects of its interest rates hedging policy.

Since 2007, all French subsidiaries subject to corporate tax in which Séché Environnement directly or indirectly holds an interest of more than 95% are members of the tax consolidation group headed by Séché Environnement SA.

In application of the measures contained in the French Economic Modernization Act, the following table provides information on payment terms for supplier accounts at December 31:

(IN THOUSANDS OF EUROS)	ACCOUNTS PAYABLE (*)	< 30 DAYS	< 60 DAYS	> 60 DAYS
Dec. 31, 2010	947.2	450.3	496.8	/
Dec. 31, 2009	641.9	468.6	173.3	/

(*) Excluding suppliers of financial fixed assets corresponding to unpaid capital on investment funds or mutual funds.

On average, suppliers (excluding suppliers of financial fixed assets) are paid within 21 days, versus 38 days in 2009.

1.3.2. Subsidiaries and holdings

There was no major change to consolidation scope in the course of the year 2010.

Séneral was awarded the public service delegation contract for the management of the household waste incinerator for the urban community of Strasbourg, and commenced this activity on July 6, 2010.

Concerning reorganization of the consolidation scope, it should be noted that:

- Triadis was absorbed by Triadis Services by means of a merger, with retroactive effect from January 1, 2010. This has no impact on the Group's accounts, since both companies are held 100% and are under common control;
- Tredeco (a company having no activity) was liquidated. The liquidation of Ecotredi (Portugal), Tredi Mexique (Mexico) was pursued, and is nearly complete. These liquidations have no impact on the Group's accounts. Procedures to liquidate Tredi Amériques were begun, and should be completed in the first half of 2011.

1.3.3. Research and development expenses

The Group regularly commits funds to its research and development efforts to improve its tools and processes, with a view to:

- responding to its clients' demands, which are of an increasingly technical nature, by creating innovative solutions: for example, techniques for extracting value from molybdenum by selective precipitation in order to transform it into a higher-value chemical form by means of a pyrometallurgical process, and processes for the biological treatment of soils by stimulating micro-organisms;
- controlling consumption of inputs and reducing waste outputs related to its activities, such as recycling solvents, researching substitutes for carbon-based materials used in metallurgical processes, and researching processes for the treatment of fluorides;
- offering innovative technologies able to anticipate future needs: among these are a research programme targeting treatment by catalytic oxydation of water pollutants, and research into ceramic membranes as a process for capturing $C0_2$ from post-combustion incinerator fumes.

No research and development expenses were booked under assets in the Group's financial statements.

1.3.4. Subsidies

In connection with the expansion of its waste treatment activities, the Group may receive investment or operating subsidies. In the course of the year 2010, the total of such subsidies received by the Group amounted to EUR 0.1 million.

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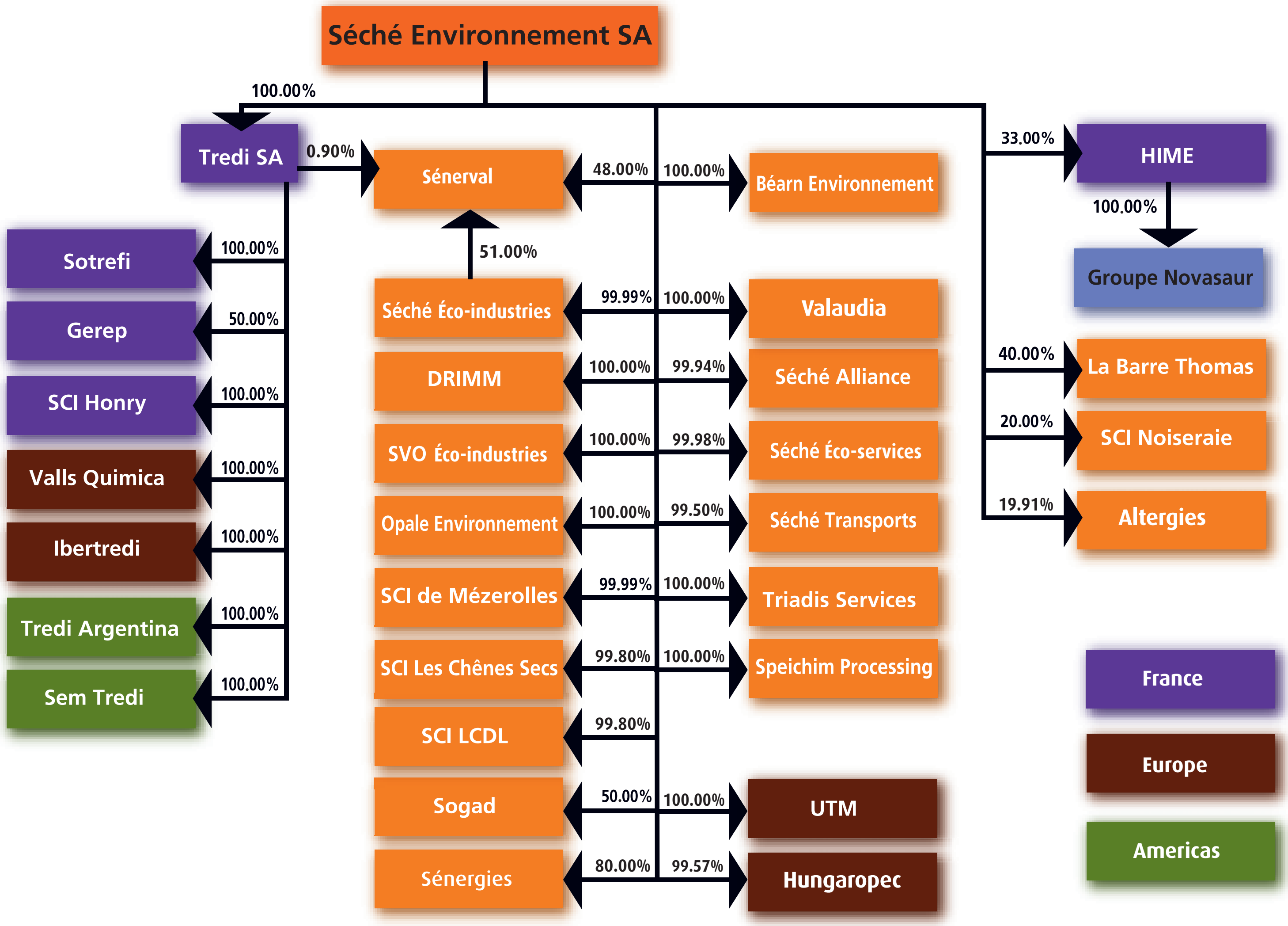
1.3.5. Organization Chart



1.4. Financial risk management

The financial risks to which the Group is exposed through its activities are managed centrally at the level of the Group Finance Department. The management and consolidation reporting process makes it possible to identify any potential non-compliance and to implement any necessary corrective action.

Information concerning the appraisal and management methods of these risks, and more generally the information required by IFRS 7, is compiled and presented in note 18 of the notes to the balance sheet in the consolidated financial statements.

1.5. Key events since the closing of accounts

At the time the present management report was drafted, the Group was not aware of any significant event occurring after the closing likely to have a significant impact on the Group's assets, financial position or operating income. As far as the Company is aware, there were no legal disputes, arbitration or exceptional events occurring after the closing that are liable to have or to have had in the recent past a significant effect on the financial position, earnings, activity or assets of the Company or the Group.

1.6. Outlook for 2011

Séché Environnement pursues its business activities in the regulated, high value-added waste treatment and recovery markets.

In 2011, these markets will continue to be affected by European and national regulations which reinforce the treatment and recovery obligations placed on producers of waste. It should however be possible to pursue these activities in an economic climate nearer to normal, following the recovery observed during the year 2010.

Future growth of the hazardous waste activity will be based on the solidity of the niche markets on which the Groupe operates. Concerning its industrial customer base, Séché Environnement will seek growth in the markets for outsourcing waste management and management of the environment.

In the non-hazardous waste sector, the Group will give priority to developing future-oriented activities linked to waste recovery and the production of green energy, such as biogas recovery, the production of substitute fuels, solar energy, etc.

Séché Environnement therefore looks with confidence towards the year 2011.

The Group has set itself a growth scenario for its activities of approximately 7%, which would take its consolidated revenues to around EUR 430 million. The possibility of achieving of this scenario is reinforced by significant business gains in 2010 (the Strasbourg incinerator contract, depollution of the La Gabarre site in Guadeloupe, etc.) which will contribute automatically to the growth of the Group's activities.

This scenario does not include the investments made for the Strasbourg contract, which will be re-invoiced to the local authority in application of the IFRIC 12 standard.

This level of activity should make it possible to achieve an increase in current operating income (COI) which should rise to more than EUR 70 million in 2011.

Séché Environnement will continue to develop its activities on its new markets, and anticipates making investments in 2011 of the order of EUR 50 million, of which part will be devoted to renewable energies.

The resilience of its activities and operating income therefore enables the Group to look forward to continued financial stability.

1.7. Stakeholders

1.7.1. Share ownership and changes in share capital

1.7.1.1. Breakdown of share capital

Share capital amounts to EUR 1 726 974, divided into 8 634 870 shares of par value EUR 0.20 each, fully paid up and fully negotiable.

DATE, TRANSACTION	NUMBER OF NEW SHARES	TOTAL NUMBER OF OUTSTANDING SHARES	NOMINAL VALUE OF SHARE
Feb. 17, 1997 Share split	/	50 000	100 FF
October 8, 1997 Share split	/	5 000 000	1 FF
Nov. 27, 1997 Capital increase	400 000	5 400 000	1 FF
Dec. 19, 1997 Capital increase	5 000	5 405 000	1 FF
Apr. 26, 2001 Conversion of capital into euros	/	5 405 000	0.20 €
Nov. 1, 2001 Capital increase (*)	160 405	5 565 405	0.20 €
July 5, 2002 Capital increase (**)	2 473 057	8 038 462	0.20 €
Dec. 12, 2006 Issuance of 596 408 share subscription warrants			
April 24, 2007 Capital increase (***)	596 408	8 634 870	0.20 €

(*) Payment for Alcor stock tendered to the company.
(**) Payment for Tredi stock tendered to the company.
(***) Exercise of 596 408 share subscription warrants by CDC.

NOMINAL AMOUNT OF CAPITAL INCREASE			
BY CONTRIBUTION IN CASH OR KIND	BY INCORPORATION OF RESERVES	ADDITIONAL PAID-IN CAPITAL	SUBSEQUENT AMOUNT OF CAPITAL
/	/	/	5 000 000 FF
/	/	/	5 000 000 FF
400 000 FF	/	73 600 000 FF	5 400 000 FF
5 000 FF	/	735 000 FF	5 405 000 FF
/	257 013.06 €	/	1 081 000 €
32 081 €	/	10 795 257 €	1 113 081 €
494 611 €	/	19 902 780 €	1 607 692 €
	/	10 908 302 €	1 607 692 €
119 282 €	/	74 717 994 €	1 726 974 €

1.7.1.2. Share ownership and voting rights

SHARE OWNERSHIP AT DECEMBER 31, 2010

	NUMBER OF SHARES	%	VOTING RIGHTS (**)	%
Joël Séché	3 585 400	41.5%	7 170 800	58.1%
Amarosa family trust (*)	116 036	1.3%	232 072	1.9%
Sub-total, Joël Séché family	**3 701 436**	**42.9%**	**7 402 872**	**60.0%**
Fonds Stratégique d'Investissement	1 726 974	20.0%	1 726 974	14.0%
Treasury stock	57 177	0.7%	57 177	0.5%
Free float	3 149 283	36.4%	3 152 812	25.5%
TOTAL	**8 634 870**	**100.0%**	**12 339 835**	**100.0%**

(*) Joël Séché has majority control of the Amarosa family trust.

(**) Based on the AMF's recommended calculation for determining threshold crossings.

Since January 1, 2010 and until the date of this meeting, Séché Environnement has not been informed of any other ownership threshold crossings, in either direction, with the exception of the following crossing:

- the public limited company Fonds Stratégique d'Investissement (FSI) declared that on April 1, 2010 it crossed the 5% capital threshold, and that it individually holds 433 351 Séché Environnement shares representing 3.5% of this company's voting rights.

1.7.1.3. Employee share ownership

A Group savings plan was established in 2007 in accordance with the stated aim of Séché Environnement to give all Group employees access to this type of savings regime.

At December 31, 2010, the Séché Group's employees held 27 670 Séché Environnement shares via the FCPE Séché Croissance fund. These holdings account for 0.32% of the capital and 0.22% of the voting rights.

1.7.1.4. Transactions carried out on Company shares by senior officers, associated persons and their relatives

In 2010, no Director, associated person or relative thereof carried out any transactions totalling more than EUR 5 000 on Company shares.

1.7.1.5. Change in share ownership over the past three years

SITUATION AT DECEMBER 31	2008	2009	2010
Joël Séché family (*)	42.9%	42.9%	42.9%
CDC Group/FSI	20.0%	20.0%	20.0%
Free float	36.4%	36.4%	36.4%
Treasury stock	0.7%	0.7%	0.7%
TOTAL	**100%**	**100%**	**100%**

(*) Joël Séché and the Amarosa family trust (majority controlled by Joël Séché).

1.7.1.6. Shareholders' agreements

There are no agreements between shareholders of the Company, with the exception of the one described below, initially binding Caisse des Dépôts et Consignations, CDC Entreprises Valeurs Moyennes, Joël Séché and the Amorosa family trust. However, the transfer of the shareholdings of Caisse des Dépôts et Consignations and CDC Entreprises Valeurs Moyennes to Fonds Stratégique d'Investissement (a subsidiary of Caisse des Dépôts et Consignations) on July 15, 2009 transferred adherence to the said agreement to Fonds Stratégique d'Investissement, which substituted itself in law for Caisse des Dépôts et Consignations and CDC Entreprise Valeur Moyennes.

This shareholders' agreement (registered with the AMF under No. 206C1928) contains the following main provisions, which remain applicable at December 31, 2010:

- *Representation of Fonds Stratégique d'Investissement on the Board of Directors of Séché Environnement:* Fonds Stratégique d'Investissement is entitled to appoint several members of Séché Environnement's Board of Directors, commensurate with its equity stake in the Group;
- *Management of the stakes of the parties to the shareholder agreement:* shareholder agreement members are not allowed to acquire directly or indirectly securities issued by Séché Environnement, if such acquisition were to lead to one of the members making a public offer for Séché Environnement shares;
- in the event of any transfer of Séché Environnement shares by Joël Séché, the Amarosa family trust and/or their transferees to a third party, as long as they jointly hold less than 50.1% of the voting rights of the company, Fonds Stratégique d'Investissement shall have the option of selling its own shares to such third party at the same price and in the same proportions;
- Fonds Stratégique d'Investissement shall have the option of subscribing to any issue of Séché Environnement securities, commensurate with its share of the equity, with the exception of securities issued to pay for an acquisition project outside the Group to the benefit of a third party, which would have the effect of diluting all shareholders in the same proportions;
- *Co-investment rules:* as long as Fonds Stratégique d'Investissement holds at least 15% of the equity of Séché Environnement, it shall be entitled to participate as a co-investor in any acquisition project above a certain threshold amount.

It is furthermore specified that this shareholders' agreement shall be terminated automatically if at any time Fonds Stratégique d'Investissement holds less than 10% of the equity of the Company or if the balance of the respective stakes of Fonds Stratégique d'Investissement, on the one hand, and Joël Séché and the Amorosa family trust on the other, are modified to such an extent that the parties are obliged to make a public offer for all the shares.

1.7.1.7. Authorizations to increase/decrease share capital and repurchase shares

In compliance with Article L. 225-100 of the French Commercial Code, the table below summarizes the currently valid authorizations granted by the Annual General Meeting to the Board of Directors.

AGM	RESOLUTION	SUBJECT	DURATION OF AUTHORIZATION AND EXPIRY DATE	LIMITATION OR MAXIMUM NOMINAL AMOUNT
Apr. 30, 2009	7th	Capital increase by incorporation of reserves, profits or bonuses	26 months June 30, 2011	€160 769
May 6, 2010	9th	Issuance of stocks or marketable securities with preferential subscription rights	26 months July 6, 2012	€450 000 (*)
May 6, 2010	10th	Issuance of stocks or marketable securities without preferential subscription rights	26 months July 6, 2012	€450 000 (*)
May 6, 2010	11th	Issuance of stocks or marketable securities as payment for contributions in kind	26 months July 6, 2012	10% of share capital
May 6, 2010	13th	Capital increase reserved for Group employees	26 months July 6, 2012	€86 349 (*)
May 6, 2010	7th	Share buyback	18 months November 6, 2011	10% of share capital
May 6, 2010	8th	Reduction of capital by share cancellation	18 months November 6, 2011	10% of share capital

(*) These amounts are deducted from the maximum overall nominal amount of EUR 499 500 set forth by the 14th resolution of the Annual General Meeting of May 6, 2010.

At the time of writing this Management Report, the Board of Directors had not made use of any of the above-mentioned authorizations, with the exception of the authorization to repurchase the company's own shares. This transaction is described in the present report, in the paragraph covering the Company's share buyback transactions.

1.7.1.8. Information on stock option plans

The Annual General Meeting of May 6, 2010, in its twelfth resolution, delegated full powers to the Board of Directors for a period of 26 months, in compliance with articles L. 225-177 et seq. of the French Commercial Code, to grant options to salaried employees, senior officers and directors, as authorized by the Commercial Code, entitling them to subscribe for new shares in the Company, provided that the total number of such options attributed, still open but not yet exercised, should not give entitlement to subscribe more shares than those authorized by law, and within the maximum limit of EUR 499 500 set by the fourteenth resolution of the same Annual General Meeting. This resolution also brought to an end with immediate effect the previous authorization granted by the Annual General Meeting of April 25, 2008 in its eleventh resolution.

At the date of writing the present Management Report, the Board of Directors had not used the above-mentioned authorization, and no such stock options had been granted.

1.7.1.9. Information on the awarding of free shares

The Annual General Meeting of April 25, 2008, by its seventh resolution, delegated the necessary powers to the Board of Directors for a period of 38 months, in compliance with articles L. 225-197-1 and L. 225-197-2 of the French Commercial Code, to award existing shares, or shares to be issued in the future, to senior officers and certain salaried employees free shares, up to a limit of 3% of share capital. This resolution brought to an end with immediate effect the previous authorization granted by the Annual General Meeting of May 12, 2005 in its eleventh resolution.

At the date of writing the present Management Report, the Board of Directors had not used the authorization described above.

1.7.1.10. Share buybacks

The Annual General Meeting held on May 6, 2010, in its seventh resolution, delegated the necessary powers to the Board of Directors, in compliance with Article L.225-209 et seq. of the French Commercial Code, and European Commission Regulation No. 2273/2003 dated December 22, 2003 implementing Directive 2003/6/EC of January 28, 2003, and Articles 241-1 to 241-6 of the General Regulations of the Autorité des Marchés Financiers, to repurchase the Company's own shares on the stock market or over the counter, within the limit of 10% of shares representing its share capital. This authorization was granted for a period of 18 months.

This resolution replaced the previous authorization granted by the Annual General Meeting of April 30, 2009 under the same terms, the use of which was reported at the last Annual General Meeting.

Furthermore, the Annual General Meeting of May 6, 2010, in its eighth resolution, delegated the necessary powers to the Board of Directors, in compliance with the provisions of Article L.225-109 of the French Commercial Code, to cancel the Company's own shares (within the limit of 10% of its share capital) acquired through share buybacks authorized by the previous successive Annual General Meetings of the Company.

This authorization, granted for a period of 18 months, replaced the previous authorization granted by the Annual General Meeting of April 30, 2009.

In accordance with the provisions of Article L.225-209, paragraph 2 of Law No. 2006-842 dated July 26, 2006, the Board of Directors hereby reports the use of this authorization for the period beginning on May 7, 2010 and ending on December 31, 2010:

Number of shares purchased, sold or transferred since the start of the programme	154 928
Percentage of shares held directly or indirectly as treasury stock	0.66%
Number of shares cancelled over the last 24 months	/
Number of shares held in portfolio	57 177
Net asset value of portfolio (in EUR)	2 904 087
Market value of portfolio at December 31, 2010 (in EUR)	3 370 584

Should the Board of Directors decide to implement the entire share buyback programme (excluding shares already acquired at December 31, 2009), it would proceed in compliance with stock market regulations in force.

The theoretical impact of the proposed plan on the financial statements of Séché Environnement was measured for information purposes, based on the following assumptions:

- cancellation of 1% of the weighted number of shares in circulation, i.e. 85 730 shares;
- an average repurchase price of EUR 60.33 per share, which represents the average closing price observed from January 1 to 25, 2011, i.e. a total of EUR 5.1 million for the repurchase of 1% of the share capital;
- a cost of financing this buyback plan of 3.17% before taxes.

Based on these assumptions, the impact of the share buyback plan on the 2010 consolidated financial statements as presented in this Management Report would have been as follows:

	CONSOLIDATED FINANCIAL STATEMENTS AS REPORTED AT DEC. 31, 2010 (*)	REPURCHASE OF 1% OF CAPITAL AND CANCELLATION (EXCL. IMPACT ON HOLDINGS)	PRO FORMA DATA AFTER REPURCHASE AND CANCELLATION OF 1% OF CAPITAL (EXCLUDING IMPACT ON HOLDINGS)	IMPACT OF BUYBACK (IN %)
Shareholders' equity (Group share) (in thousands of euros)	368 772	(5 172)	363 600	(1.4)%
Shareholders' equity (total consolidated) (in thousands of euros)	369 728	(5 172)	364 556	(1.4)%
Net financial debt (in thousands of euros) (**)	194 933	5 172	200 105	2.7%
Net income (Group share) (in thousands of euros)	27 366	(108)	27 258	(0.4)%
Average weighted number of shares in circulation	8 572 898	(85 729)	8 487 169	(1.0)%
Net earnings per share (in euros)	3.19	(0.01)	3.21	0.6%
Average weighted number of shares in circulation, adjusted for dilutive instruments effect	8 572 898	(85 729)	8 487 169	(1.0)%
Net diluted earnings per share (in euros)	3.19	(0.01)	3.21	0.6%

(*) After closure of the accounts by the Board of Directors' meeting held on February 18, 2011, and subject to their approval by the Annual General Meeting of May 12, 2011.

(**) Financial debt net of cash balance.

1.7.1.11. Shares used as collateral

Séché Environnement shares, as is the case for all shares of the Séché Group, are not used as collateral.

1.7.1.12. Shares not representative of capital

Séché Environnement has not issued any founders' shares or voting rights certificates.

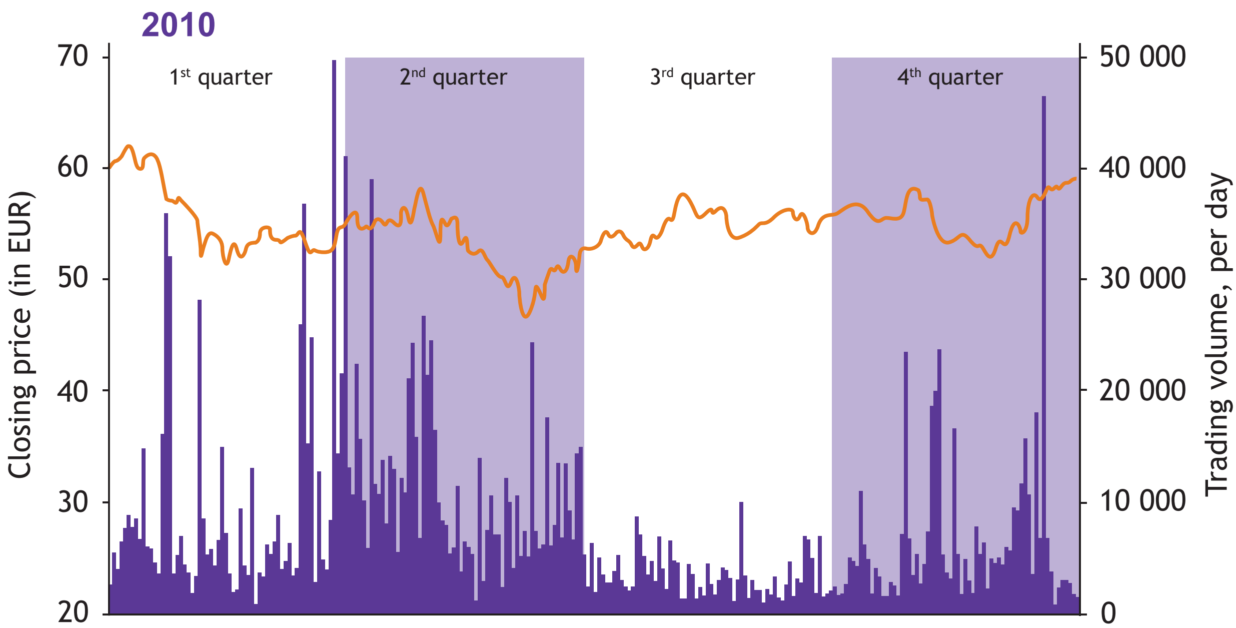
1.7.2. Séché Environnement on the stock market

The shares of Séché Environnement are listed on the Eurolist (Compartment B – mid-100 index) and are not listed on any other stock exchange. Trends in the share price and trading volumes are shown in the table below:

	SHARE PRICE IN EUR			TRADING VOLUME	
MONTH	LOW	HIGH	CLOSING PRICE	NUMBER OF SHARES	VALUE IN EUR MILLIONS
2010					
January	55.26	62.52	56.90	194 421	11.51
February	51.00	56.90	53.30	134 101	7.13
March	51.30	55.99	54.59	279 115	14.95
April	53.50	58.34	58.08	320 661	17.80
May	47.45	58.10	50.00	211 056	11.41
June	46.50	53.15	52.75	204 800	10.19
July	52.00	54.81	54.57	103 870	7.92
August	53.00	57.50	54.00	77 286	4.28
September	53.00	56.50	55.80	67 001	3.68
October	55.00	56.78	57.94	97 754	5.50
November	51.55	58.50	51.80	160 707	8.72
December	51.40	58.95	58.95	185 654	10.44
Extremes and totals in 2010	**46.50**	**62.52**	**58.95**	**2 036 426**	**113.53**
2011					
January	58.55	62.60	62.50	130 429	7.92

1 Management report

CHANGES IN STOCK PRICE AND VOLUMES TRADED



Eurolist Paris by Euronext (Compartment B)

1.7.3. Composition of the Board of Directors

At December 31, 2010, the Board of Directors of Séché Environnement SA consisted of the following members:

		DATE FIRST APPOINTED	DATE LAST REAPPOINTED
Chairman and Chief Executive Officer, and Director	Joël Séché	October 19, 1981	May 19, 2006
Directors	Thérèse Bigeon (*)	October 19, 1981	May 19, 2006
	Jean-Pierre Vallée	November 29, 1993	May 19, 2006
	Fonds Stratégique d'Investissement		/
	represented by Jean Bensaïd	December 12, 2006 (**)	/
	Philippe Valletoux	May 11, 2007	/

(*) Mother of Joël Séché.
(**) Co-opted by predecessor shareholder (CDC).

1.7.4. Directors' mandates and functions

At December 31, 2010, the senior officers of Séché Environnement held mandates and functions in the following companies:

JOËL SÉCHÉ :

- HIME SAS	Chairman since May 27, 2008
- SAUR SAS	Chairman since May 27, 2008
- Séché Éco-services SAS	Chairman
- Séché Transports SAS	Chairman
- Séché Éco-industries SAS	Chairman
- Séché Alliance SAS (ex-Équilibra SAS)	Chairman
- Tredi SA	Director
- SCI La Croix des Landes	Manager
- SCI Les Chênes Secs	Manager
- SCI Mézerolles	Manager
- SCI la Montre	Manager
- SCI de la Censie	Manager
- SCI Saint Kiriec	Manager
- SCI la Perrée	Manager
- SCI Amarosa	Manager
- Altamir Amboise SCA	Chairman of the Supervisory Board

JEAN-PIERRE VALLÉE :

- Simat (12) (subsidiary of Saint-Gobain Group)	Director
- Letulle Brevets et Modèles (76) (subsidiary of Saint-Gobain Group)	Director

JEAN BENSAÏD :

- Galaxy	Director
- SANEF	Permanent representative of CDC

- EUTELSAT Communications SA	Permanent representative of CDC Infrastructure
- HIME SAS	Chairman of the Supervisory Board

PHILIPPE VALLETOUX :

- HIME SAS	Member of the Supervisory Board

In addition, over the past five fiscal years, certain senior officers of Séché Environnement serving their mandates in 2010 also held the following mandates:

JEAN-PIERRE VALLÉE :

- B.C.B. Rennes (35) (subsidiary of Lafarge Group)	Director until January 29, 2010

PHILIPPE VALLETOUX

- DEXIA Crédit Local	Member of the Management Board until January 10, 2006 then Vice-Chairman of the Executive Committee until September 30, 2009
- FLORAL	Chairman and CEO until October 15, 2009
- DEXIA Sofaxis	Director until December 4, 2009
- DEXIA Sabadell	Director until October 24, 2007
- DEXIA Public Finance Switzerland	Director until April 28, 2009
- Banque Internationale d'Investissement	Director until January 10, 2006

JEAN BENSAÏD :

- MAP SUB	Chairman until April 2010
- TDF	Permanent representative of CDC Infrastructure until April 2010
- HIME SAS	Chairman until May 27, 2008
- Ixis Corporate and Investment Bank	Director until July 18, 2006
- CDC Entreprises Capital Investissement	Director until November 2, 2006
- Santoline	Director until November 9, 2006
- Société forestière	Director until May 2, 2006
- Sogeposte	Director until October 5, 2006

- Financière transdev	Director until December 14, 2006
- Fonds carbone européen	Permanent representative of CDC until December 11, 2006
- CDC Holding finance	Director and Chief Executive until 2007
- CDC Infrastructures	Director until October 24, 2008
- EGIS	Director until 2007
- Société d'épargne forestière "forêts durables"	Director until 2007
- Transdev SA	Permanent representative of CDC and C3D until 2007
- Ixis AM Group	Permanent representative of CDC until 2007

1.7.5. Remuneration of senior officers of Séché Environnement

On December 2, 2008, the Board of Directors of the Group unanimously adopted the MEDEF and AFEP recommendations regarding senior officers of the Company. These recommendations concern the prohibition of holding a work contract concurrently with the mandate of senior officer, the banning of golden parachutes, the reinforcement of the supervision of supplementary pension plans, the granting of stock options connected to the policy of encouraging participation in the company's share capital, and improvement of transparency in connection with senior officers' remuneration.

1.7.5.1. Remuneration of senior officers

For the past three fiscal years, the senior officers have been Joël Séché (Chairman and Chief Executive Officer) and Philippe Leblanc (acting Chief Executive until October 12, 2008; he relinquished his functions within the Group on January 7, 2009).

Joël Séché is paid for his role as Chairman and Chief Executive Officer. There is no contractual commitment for the payment of any particular indemnities or benefits in the event of cessation or change of position. No stock options or performance shares were granted to senior officers.

Regarding retirement pensions, the senior officers benefit from a supplementary pension plan, with defined contributions. This is a funded pension plan based on 5% of the annual salary paid, within the limit of tranche B of the annual social security ceiling.

4.7.5.1.1. Joël Séché

Remuneration, options and shares allocated to Joël Séché

(in euros)	2008	2009	2010
Remuneration due for the fiscal year (detail below)	325 663	425 663	424 525
Value of options allocated during the fiscal year	/	/	/
Performance shares allocated during the fiscal year	/	/	/
TOTAL	**325 663**	**425 663**	**424 525**

Breakdown of remuneration of Joël Séché

(IN EUROS)	2008		2009		2010	
	DUE	PAID	DUE	PAID	DUE	PAID
Fixed remuneration	300 000	300 000	400 000	400 000	400 000	400 000
Variable remuneration	/	/	/	/	/	/
Exceptional remuneration	/	/	/	/	/	/
Benefits in kind (*)	13 663	13 663	13 663	13 663	12 525	12 525
Directors' fees	12 000	12 000	12 000	12 000	12 000	12 000
TOTAL	**325 663**	**325 663**	**425 663**	**425 663**	**424 525**	**424 525**

(*) Benefits in kind represent the use of company cars.

4.7.5.1.2. Philippe Leblanc

Breakdown of remuneration, options and shares allocated to Philippe Leblanc (whose contract ended on January 7, 2009)

(IN EUROS)	2008	2009	2010
Remuneration due for the fiscal year (detail below)	246 877	/	/
Value of options allocated during the fiscal year	/	/	/
Performance shares allocated during the fiscal year	/	/	/
TOTAL	**246 877**	**/**	**/**

Breakdown of remuneration allocated to Philippe Leblanc (whose contract ended January 7, 2009)

(EN EUROS)	2008		2009		2010	
	DUE	PAID	DUE	PAID	DUE	PAID
Fixed remuneration	227 625	227 625	/	/	/	/
Variable remuneration	13 740	13 740	/	/	/	/
Exceptional remuneration	/	/	/	/	/	/
Benefits in kind (*)	5 512	5 512	/	/	/	/
Directors' fees	/	/	/	/	/	/
TOTAL	**246 877**	**246 877**	**/**	**/**	**/**	**/**

(*) Benefits in kind represent the use of company cars.

1.7.5.2. Remuneration of non-executive directors

The only remuneration of non-executive directors consists of directors' fees. None of the company's directors received any remuneration or benefits of any kind from any of the companies controlled by Séché Environnement. No stock options were granted to the senior officers.

Furthermore, no loans or guarantees were granted in favour of any members of the Board of Directors.

TABLE OF DIRECTORS' FEES

(IN EUROS)	2008	2009	2010
Joël Séché	12 000	12 000	12 000
CDC	12 000	12 000	12 000
Thérèse Bigeon	12 000	12 000	12 000
Jean-Pierre Vallée	12 000	12 000	12 000
Philippe Valletoux	12 000	12 000	12 000
TOTAL	**60 000**	**60 000**	**60 000**

1.7.6. Conflicts of interest

To the knowledge of Séché Environnement, no Director presents any conflict between his interests in Séché Environnement (as a result of his mandate from the company) and his personal interests. Moreover, no Director over the past five fiscal years:

- was convicted of fraud, incriminated and/or publicly sanctioned by the statutory or regulatory authorities;
- was involved, as a member of a Board of Directors or Supervisory Board, general partner, founder or chief executive, in a bankruptcy or receivership;
- was involved, as a member of a Board of Directors or Supervisory Board, or as a general partner, founder or chief executive in a liquidation, with the exception of those indicated in the following point;
- was prohibited by a court from serving as a member of an administrative, executive or supervisory body of an issuer, or from taking part in the management or conduct of an issuer's affairs.

Furthermore, to the knowledge of Séché Environnement, there is no current conflict of interest that could result from the fact that Fonds Stratégique d'Investissement (a subsidiary of Caisse des Dépôts et Consignations) is a shareholder of both Séché Environnement and HIME. Nevertheless, the provisions of the shareholders' agreement concluded by Séché Environnement shareholders attributing a veto right to Fonds Stratégique d'Investissement on certain decisions, combined with certain veto rights of Fonds Stratégique d'Investissement within HIME, could potentially be a source of a conflict of interest in situations that are, however, very limited.

The Company has entered into no commitments to its senior officers which are due, or liable to come due, as a result of the assumption, termination or modification of their functions or in the wake of such an event.

1.8. Social, environmental and corporate social data

1.8.1. Reporting methodology

1.8.1.1. Data collection scope

The following environmental, social and corporate social data corresponds to an economic vision of Séché Environnement as it existed in France in 2010. It includes information concerning the environmental and social impacts of the Group's operations, as required under Decree no. 2002-221 of February 20, 2002 and implementing Article L.225-102-1 of the French Commercial Code amending Decree no. 67-236 of March 27, 1967 on commercial companies. The information concerning the discharge of waste product mentioned in this article of the French Commercial Code is given as required under the Order of April 30, 2002.

The Group is committed to transparency and to disclosing the most significant and relevant impacts of its activities. As a result, it adopted the following rules in respect of the year 2010:

- the consolidation scope consists of the parent company Séché Environnement SA and its majority-controlled French subsidiaries which were fully consolidated at year-end 2010. No social or environmental data has been collected to date for international activities (which accounted for about 5.3% of 2010 revenues and 6.3% of employees);
- Sénerval, a subsidiary based in Strasbourg, only entered the consolidation scope in the course of this year, and was not included in the scope for environmental data in 2010 (these flows only existing for part of the year), but was included in data relative to employee numbers. Sénerval will join the consolidation scope fully for these data in 2011;
- the environmental data in this report is extracted from declarations made regularly by the industrial sites to the competent government agencies (DREAL, DASS, water agencies) which oversee and regulate them. This data is either produced from measurements carried out either internally (self-audits) or by certified organizations. The results of these measurements have been regularly reported for the last four years by means of an environmental reporting software package, and are monitored both site by site and at national level.

Certain reporting errors in previous years were detected during completion of the reporting for the current year. A materiality threshold of 5% of the value of the indicator concerned is used by default for adjustments to data from past years identified during the year under review.

The following environmental and social data was the focus of a special audit by Bureau Véritas Consulting, and is the subject of exhaustive communication and comment in the corporate social responsibility report published by the Group every year.

1.8.1.2. References used

In the process of establishing its corporate governance policy, Séché Environnement draws on recognized and codified principles and standards to create its own body of references. As such, it cannot be suspected of "putting on a show for the media" by focusing only on points that show the company in the best light.

The main references implemented are:

LEVEL OF GOVERNANCE	STANDARD	SUBJECT
Overall	Global Reporting Initiative V3	Reporting reference
	Global Compact	UN reference
	French Union of Chemical Industries' Progress Commitment	Union des Industries Chimiques
	OECD Charter of Values	Commercial behaviour
	Accounting standards, including the New Economic Regulations legislation (NRE)	Legal accounting reference system in France
	AMF instructions	Publication of a registration document for each listed company
Internal resources	ISO 9000	Production quality
	ISO 14001	Environmental management systems
	OHSAS 18001	Management of health and safety

1.8.2. Environmental performance

French legislation on the classification of facilities for the protection of the environment (ICPE) organizes the regulation of activities that are hazardous and likely to cause pollution.
The law of July 19, 1976, included in the Code of the Environment, regulates the conditions for opening, operating and closing “plants, workshops, warehouses, building sites, quarries, etc. which can present hazards or disadvantages either to the amenities of the surrounding area, or to health, safety, public health, or to agriculture, or to the protection of nature and the environment, etc.”

All such activities are listed in an official nomenclature, which includes all activities linked to waste treatment. These mainly require authorization, which is only granted after an in-depth study by various government agencies, after consultation of the local population during a public inquiry and after obtaining approval from the CODERST (Departmental council for environmental, health and technological risks).
The authorization is granted on condition that preventive measures are put in place to limit the impact of such operations on the environment (leakproof work areas, purification of gases, treatment of waste water, measures to limit noise emissions, etc.).

The Group's units have satisfied these procedures and requirements and have obtained the appropriate authorizations from the relevant Prefectures. Measures for controlling the environmental impact of each activity are specified in the administrative operating permits granted by prefects, in respect of the statutory instruments governing each activity.

1.8.2.1. Environmental data

	2008	2009	2010
GREENHOUSE GASES EMITTED IN KT CO_2 EQ			
Direct GHG emissions			
Incineration	436.9	412.3	452.8
Physiochemical activities	0.5	0.4	0.4
Stabilization and storage	318.9	366.9	318.5
Chemical recovery	11.2	9.0	9.7
Transport	32.0	29.6	30.9
TOTAL	**799.5**	**818.2**	**812.3**
Indirect GHG emissions	6.1	7.5	6.4

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	2008	2009	2010
GREENHOUSE GAS EMISSIONS AVOIDED IN KT CO_2 EQ			
GHG reduction (French benchmark)			
Steam and electricity	17.0	18.2	19.1
Biogas	18.9	91.6	91.9
TOTAL	**35.9**	**109.8**	**111.0**
EMISSIONS AVOIDED/DIRECT EMISSIONS IN KT CO_2 EQ			
French benchmark, in % (1MWh = 70 kg CO_2 eq)	*4.5%*	*18.2%*	*13.7%*
GHG Protocol benchmark (Annex 1 countries) in % (1MWh = 429 kg CO_2 eq) (1MWh = 429 kg CO_2 eq)	*27.5%*	*82.2%*	*83.7%*
North American GHG Protocol benchmark in % (1MWh = 580 kg CO_2 eq)	*35.9%*	*111.2%*	*113.2%*
ENERGY CONSUMPTION			
Total in GWh/year	***213.1***	***223.9***	***212.7***
kWh per tonne of waste treated	95.8	105.6	91.8
PRODUCTION OF ENERGY EXCLUDING WASTE			
TOTAL IN GWH/YEAR	**203.0**	**249.6**	**256.3**
kWh per tonne of waste treated	91.2	117.7	110.6
Energy self-sufficiency rate	**90.0%**	**111.5%**	**120.5%**
WATER CONSUMPTION			
Incineration	3 340	3 287	3 291
Other	230	240	248
TOTAL IN THOUSANDS OF M³	**3 570**	**3 527**	**3 539**
Specific consumption in m³ per tonne incinerated	6.8	6.4	6.2
Including withdrawal of groundwater in thousands of m³	**3 082**	**3 054**	**3 054**
As a percentage of consumption	86.3%	86.6%	86.3%
ATMOSPHERIC EMISSIONS			
Nitrogen oxides in tonnes of NO_2	***448.1***	***423.8***	***464.2***
Specific emissions in kg NO_2/tonne of waste incinerated	0.91	0.77	0.77
Sulphur dioxides in kg SO_2	***128***	***293***	***263***
Specific emissions in kg SO_2/tonne of waste incinerated	72.8	100.1	101.9
Hydrochloric acid in tonnes of HCl	***4.6***	***6.8***	***3.9***
Specific emissions in g HCl/tonne of waste incinerated	4.9	5.5	0.9
Dust in tonnes	***7.8***	***6.2***	***8.2***
Specific emissions in g dust/tonne of waste incinerated	8.0	7.4	8.1
Dioxins and furans in grams	***0.072***	***0.088***	***0.93***
VOCs			
Incineration (channelled sources) in tonnes	3.6	4.8	3.7
Chemical recovery in tonnes	37.6	40.6	33.9
Other, in tonnes	0.1	4.6	2.4
Total in tonnes	***41.3***	***50.0***	***40.0***

	2008	2009	2010
RETURN FLOW OF WATER			
TOTAL IN THOUSANDS OF M³	**2 353**	**2 205**	**2 293**
As a percentage of consumption	*65.9%*	*62.5%*	*64.8%*
Contents in tonnes per year	/	/	/
Soluble salts	5 501	4 503	4 837
DCO (corrected 2008 data)	1 051	1 179	1 205
SS	25.3	23.1	21.0
Total metals	1.6	1.4	2.3
METOX	5.1	4.3	5.0
Total nitrogen	16.9	22.4	16.3
AOX	1.8	3.1	3.1
CONSUMPTION OF MATERIALS			
Excluding internal recovery	126	75	111
External purchasing	142	114	139
TOTAL IN KILOTONNES	**268**	**189**	**250**
Percentage of tonnage treated	*12.0%*	*8.8%*	*10.8%*
Percentage derived from waste	*47.0%*	*39.7%*	*44.4%*
MATERIALS RECOVERY			
Internally in the Group	126	160	145
Externally	127	106	109
TOTAL IN KILOTONNES	**253**	**266**	**254**
As a percentage of tonnage treated	*11.3%*	*11.8%*	*11.4%*
As a percentage of internal recovery	*49.8%*	*36.1%*	*53.6%*
WASTE SUMMARY			
Hazardous waste - Total in kilotonnes	121	130	140
As a percentage of tonnage treated	*5.4%*	*6.0%*	*6.0%*
Non-hazardous waste - Total in kilotonnes	30	46	44
As a percentage of tonnage treated	*1.3%*	*2.1%*	*1.9%*
AREAS OCCUPIED PER ACTIVITY (IN HECTARES)			
Incineration	25.5	27.6	27.6
Physiochemical activities	8.5	12.0	12.0
Stabilization and storage	252.2	260.0	260.0
Chemical recovery	24.7	5.8	5.8
Sorting, recovery, transport	3.4	22.3	22.3
TOTAL IN HECTARES	**314.3**	**327.6**	**327.6**

Work areas on industrial sites area covered with leakproof linings and the drainage of potentially polluted water is managed using separate sewer networks. This water is treated and monitored before being discharged into the natural environment (no effects of eutrophication or acidification or toxic discharge).

In the case of the final waste storage facilities created by Séché Environnement, the precautions taken to make storage areas leakproof go beyond regulatory requirements. The substrate for hazardous waste consists of a 5-metre thick layer of clay (2 metres for non-hazardous waste) with a humidity penetration rate of 10^{-9} m/s.

This layer is excavated before being re-laid and compacted to ensure that the leakproofness is homogenous. Two geomembranes separated by a gravity drain network enable permanent monitoring of leakproofness and avoid any accumulations of leachates before they come into contact with the protective layer of clay.

1.8.2.2. Environmental expenditure tables

1.8.2.2.1. Breakdown by area

(IN THOUSANDS OF EUROS)

	CHANGE IN RISK PROVISIONS		
	JAN. 1, 2010	ALLOCATIONS	WRITE-BACKS
Protection of ambient air and the climate	/	/	/
Management of waste water	/	/	/
Management of waste	/	/	/
Protection and decontamination of soil, groundwater and surface water	/	/	/
Measures to counteract noise and vibrations	/	/	/
Protection of biodiversity and the landscape	/	/	/
Protection against radiation	/	/	/
Research and development	/	/	/
Other environmental protection activities	13 020	1 045	127
TOTAL	**13 020**	**1 045**	**127**

1.8.2.2.2. Breakdown by type of action

(IN THOUSANDS OF EUROS)

	CHANGE IN RISK PROVISIONS		
	JAN. 1, 2010	ALLOCATIONS	WRITE-BACKS
Pre-treatment, treatment and disposal	/	/	/
Measurement and control	/	/	/
Recycling and recovery			
Prevention of pollution	13 020	1 045	127
TOTAL	**13 020**	**1 045**	**127**

AND ENVIRONMENTAL EXPENSES			OPERATING EXPENSES	INVESTMENTS	TOTAL EXPENSES
WRITE-BACKS NOT USED	OTHER CHANGES	DEC. 31, 2010	UNPROVISIONED EXPENSES	CAPITALIZED EXPENSES	DEC. 31, 2010
/	/	/	32	178	210
/	/	/	49	90	140
/	/	/	22	779	801
/	/	/	118	136	255
/	/	/	/	/	/
/	/	/	12	/	12
/	/	/	9	7	16
/	/	/	/	/	/
1 331		12 606	10	1 188	912
1 331	**/**	**12 606**	**252**	**2 379**	**2 345**

AND ENVIRONMENTAL EXPENSES			OPERATING EXPENSES	INVESTMENTS	TOTAL EXPENSES
WRITE-BACKS NOT USED	OTHER CHANGES	DEC. 31, 2010	UNPROVISIONED EXPENSES	CAPITALIZED EXPENSES	DEC. 31, 2010
/	/	/	52	54	106
/	/	/	171	20	191
				1 930	1 930
1 331		12 606	28	375	117
1 331		**12 606**	**252**	**2 379**	**2 345**

1.8.3. Social Data

1.8.3.1. Human resources

1.8.3.1.1. Headcount at December 31

	2008	2009	2010
Séché Environnement (parent company)	27	26	25
Fully consolidated French subsidiaries	1 424	1 377	1 464
Sub-total (scope defined in new economic regulations (NRE) law)	1 451	1 403	1 489
Proportionately consolidated French subsidiaries	13	7	7
Foreign subsidiaries	104	100	99
TOTAL GROUP HEADCOUNT AT DECEMBER 31	**1 568**	**1 510**	**1 595**

1.8.3.1.2. Headcount in France

	2008			2009			2010		
	M	W	T	M	W	T	M	W	T
HEADCOUNT FRANCE AT YEAR-END									
By category									
Ratio of men to women	*73.8%*	*26.2%*		*73.8%*	*26.2%*		*75.6%*	*24.4%*	
Executives	183	75	**258**	181	74	**255**	204	73	**277**
Supervisors	258	123	**381**	265	117	**382**	261	109	**370**
Employees	123	145	**268**	109	141	**250**	140	144	**284**
Workers	507	37	**544**	480	36	**516**	520	38	**558**
TOTAL HEADCOUNT AT DEC. 31	**1 071**	**380**	**1 451**	**1 035**	**368**	**1 403**	**1 125**	**364**	**1 489**
In full-time equivalent	1 068	364	**1 432**	1 011	344	**1 355**	1 110	346	**1 456**
By type of contract									
Permanent contract	1 022	357	**1 379**	1 005	348	**1 353**	1 076	341	**1 417**
Fixed-term contract	49	23	**72**	30	20	**50**	49	23	**72**
TOTAL HEADCOUNT AT DEC. 31	**1 071**	**380**	**1 451**	**1 035**	**368**	**1 403**	**1 125**	**364**	**1 489**
Ratio of fixed-term contracts to total headcount	*4.6%*	*6.1%*	***5.0%***	*2.9%*	*5.4%*	***3.6%***	*4.4%*	*6.3%*	***4.9%***

	2008			2009			2010		
WORKFORCE CHANGES OVER THE YEAR									
Number of recruitments									
Permanent contract	83	36	**119**	28	8	**36**	59	14	**73**
Fixed-term contract	63	34	**97**	33	13	**46**	55	20	**75**
TOTAL	**146**	**70**	**216**	**61**	**21**	**82**	**114**	**34**	**148**
	M	**W**	**T**	**M**	**W**	**T**	**M**	**W**	**T**
Ratio of men to women	*67.6%*	*32.4%*		*74.4%*	*25.6%*		*77.0%*	*23.0%*	
Number of departures									
End of fixed-term contract			**54**			**39**			**36**
Resignations and departures during trial period			**35**			**18**			**25**
Dismissals			**14**			**23**			**10**
Internal transfers			**9**			**14**			**11**
Retirements and early retirements			**16**			**10**			**13**
Other			**1**			**11**			**19**
Deaths			**3**			**1**			**5**
TOTAL			**132**			**116**			**119**
AVERAGE MONTHLY HEADCOUNT	**1 067**	**369**	**1 436**	**1 045**	**366**	**1 411**	**1 089**	**362**	**1 451**

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1.8.3.2. Remuneration

In 2010, the total gross wage bill, including employer' pension, social security and other contributions came out at EUR 84.4 million, against EUR 50.3 million in 2009. an increase of + 1.8%.

REMUNERATION OF PERMANENT STAFF 2010

In terms of the annual social security ceiling	Men: Payroll (in thousands of euros)	Men: Staff	Women: Payroll (in thousands of euros)	Women: Staff	Total: Payroll (in thousands of euros)	Total: Staff
≤ 0.6 x S.S. ceiling (≤ €20 585)	61	3	164	8	225	11
> 0.6 x S.S. ceiling (> €20 585)	5 288	211	1 622	66	6 910	277
> 0.8 x S.S. ceiling (> €27 446)	5 734	186	1 732	56	7 466	242
> 1.0 x S.S. ceiling (> €34 308)	5 367	142	1 168	31	6 535	173
> 1.2 x S.S. ceiling (> €41 170)	5 075	111	984	21	6 059	132
> 1.5 x S.S. ceiling (> €51 462)	1 954	34	346	6	2 300	40
> 1.8 x S.S. ceiling (> €61 754)	848	13	257	4	1 105	17
> 2.0 x S.S. ceiling (> €68 616)	2 110	28	306	4	2 416	32
> 2.5 x S.S. ceiling (> €85 770)	4 968	39	544	4	5 512	43
	31 406	767	7 123	200	38 529	967

REMUNERATION OF PERMANENT STAFF 2009

In terms of the annual social security ceiling	Men: Payroll (in thousands of euros)	Men: Staff	Women: Payroll (in thousands of euros)	Women: Staff	Total: Payroll (in thousands of euros)	Total: Staff
≤ 0.6 x S.S. ceiling (≤ €20 585)	339	17	153	8	493	25
> 0.6 x S.S. ceiling (> €20 585)	5 520	225	1 775	74	7 295	299
> 0.8 x S.S. ceiling (> €27 446)	6 706	219	1 835	60	8 542	279
> 1.0 x S.S. ceiling (> €34 308)	5 249	140	924	25	6 173	165
> 1.2 x S.S. ceiling (> €41 170)	4 435	99	1 117	25	5 553	124
> 1.5 x S.S. ceiling (> €51 462)	1 970	35	330	6	2 301	41
> 1.8 x S.S. ceiling (> €61 754)	1 365	21	376	6	1 741	27
> 2.0 x S.S. ceiling (> €68 616)	1 933	26	372	5	2 306	31
> 2.5 x S.S. ceiling (> €85 770)	4 598	36	620	5	5 219	41
	32 120	818	7 506	214	39 627	1 032

REMUNERATION OF PERMANENT STAFF — 2008

IN TERMS OF THE ANNUAL SOCIAL SECURITY CEILING	MEN: PAYROLL (IN THOUSANDS OF EUROS)	MEN: STAFF	WOMEN: PAYROLL (IN THOUSANDS OF EUROS)	WOMEN: STAFF	TOTAL: PAYROLL (IN THOUSANDS OF EUROS)	TOTAL: STAFF
≤ 0.8 x S.S. ceiling (≤ €26 620)	4 797	209	1 710	75	**6 507**	**284**
> 0.8 x S.S. ceiling (> €26 620)	5 831	200	1 920	65	**7 751**	**265**
> 1.0 x S.S. ceiling (> €33 276)	5 662	158	788	22	**6 451**	**180**
> 1.2 x S.S. ceiling (> €39 931)	4 225	97	1 182	28	**5 407**	**125**
> 1.5 x S.S. ceiling (> €49 914)	3 160	55	749	13	**3 910**	**68**
> 2.0 x S.S. ceiling (> €66 552)	6 901	56	576	7	**7 477**	**63**
	30 576	**775**	**6 925**	**210**	**37 503**	**985**

The breakdown of salaries is given for employees under permanent contracts working full time and present all year long without interruption.

1.8.3.3. Other social data

	2008			2009			2010		
	M	W	T	M	W	T	M	F	T
EMPLOYEE REPRESENTATIVES									
Number of representatives									
Union representatives	17	3	**20**	19	2	**21**	15	8	**23**
Employee representatives	39	7	**46**	37	7	**44**	19	9	**28**
Members of the CHSCT (hygiene, safety and working conditions committee)	n/a	n/a	**n/a**	n/a	n/a	**35**			**37**
Members of works councils	26	13	**39**	24	8	**32**	26	22	**48**
Members of central works councils	15	4	**19**	10	4	**14**	/	/	**/**
Individual staff delegates	24	13	**37**	20	11	**31**	32	13	**45**
Number of meetings									
Union representatives			**71**			**/**			**41**
Works councils			**65**			**17**			**20**
Central works councils			**10**			**10**			
Individual staff delegates			**28**			**57**			**58**
Contributions to works councils									
As a % of payroll			***1.17%***			***1.46%***			***1.16%***
SKILLS DEVELOPMENT									
Number of training sessions									
Executives	172	103	**275**	91	81	**172**	144	65	**209**
Supervisors	497	146	**643**	484	146	**630**	507	138	**645**
Employees	252	122	**374**	233	74	**307**	313	82	**395**
Workers	683	14	**697**	507	12	**519**	456	16	**472**
TOTAL	**1 604**	**385**	**1 989**	**1 315**	**313**	**1 628**	**1 420**	**301**	**1 721**
Ratio men to women	*79.6%*	*20.4%*		*77.2%*	*22.8%*		*79.2%*	*20.8%*	
Number of hours of training									
Executives	1 658	1 272	**2 930**	1 182	1 078	**2 260**	1 380	599	**1 979**
Supervisors	3 852	1 459	**5 311**	4 065	2 087	**6 152**	3 587	1 390	**4 977**
Employees	2 095	891	**2 986**	1 977	447	**2 424**	1 803	966	**2 769**
Workers	7 129	150	**7 279**	5 864	246	**6 110**	5 207	190	**5 397**
TOTAL	**14 734**	**3 772**	**18 506**	**13 088**	**3 858**	**16 946**	**11 977**	**3 145**	**15 122**
Ratio men to women	*79.6%*	*20.4%*		*77.2%*	*22.8%*		*79.2%*	*20.8%*	
BREAKDOWN OF TRAINING (IN %)									
Environment, quality, security			***56%***			***58%***			***62%***
Job-specific			***18%***			***20%***			***15%***
Management and communication			***5%***			***8%***			***11%***
Management and administration			***14%***			***6%***			***7%***
Other			***7%***			***8%***			***5%***
TRAINING EXPENSES									
As a % of total payroll			*1.79*			*1.63*			*1.46*
Individual training entitlements: number of accumulated hours not used	*84 351*	*26 818*	***111 169***	*101 536*	*30 962*	***132 498***	*107 634*	*31 389*	***139 023***

WORKING TIME AND OVERTIME	2008			2009			2010		
	FIXED	ALTERNATING	TOTAL	FIXED	ALTERNATING	TOTAL	FIXED	ALTERNATING	TOTAL
STAFF WORKING IN SHIFTS									
2 shifts	33	133	**166**	8	115	**123**	44	121	**165**
3 shifts	5	77	**82**	6	52	**58**		105	**105**
> 3 shifts	0	202	**202**	118	96	**214**	83	112	**195**
TOTAL	**38**	**412**	**450**	**132**	**263**	**395**	**127**	**338**	**465**
Ratio of shift workers to total headcount			*31.0%*			*28.2%*			*31.5%*
AVERAGE WORK WEEK			**35 hours**			**35 hours**			**35 hours**
OVERTIME									
Number of hours over the year			33 950			32 588			31 903
Estimated as a % of total theoretical hours			1.3%			1.3%			1.2%
TEMPORARY EMPLOYMENT									
Average headcount in full time equivalent			158			117			160
Ratio of temporary employees to average headcount			10.9%			8.3%			10.8%

	2008	2009	2010
EMPLOYMENT OF HANDICAPPED WORKERS			
Number of handicapped workers employed by the Group	32 beneficiary units (of which 8 women)	32 beneficiary units (of which 8 women)	40 beneficiary units (of which 9 women)
Subcontracting with protected sector (job equivalents)	0.18	1.45	1.89
ABSENTEEISM			
OVERALL ABSENTEEISM RATE	**5.92%**	**7.23%**	**6.75%**
Reasons			
Illness	4.19%	5.08%	4.39%
Occupational and commuting accidents	0.54%	0.59%	0.54%
Maternity leave	0.67%	0.59%	0.85%
Other	0.52%	0.97%	0.97%
ABSENTEEISM RATE EXCLUDING MATERNITY LEAVE	**5.25%**	**6.64%**	**5.90%**
Work-related accidents			
Frequency rate	21.4	30.5	24.8
Severity rate	0.7	0.9	0.7

1.8.3.4. Employment and regional development

Séché Environnement, with its national footprint of waste treatment and storage facilities in various regions of France, contributes to the development of those areas both by the local recruitment of most of its employees (88% of employees live less than 50 km from their workplace) and by creating jobs in local communities.

Employee purchasing power fuels local economies. The same is true for recourse to subcontracting for activities that are remote from the core business of the Group (security, cleaning and maintenance, among others). The creation of jobs in local communities should be added to these direct effects, concerning the transport, hotels and restaurants which the Group regularly uses, even though it is difficult to quantify these.

Finally, the fact that a region has a waste treatment unit in its area of influence is an asset for its industrialization policy: the plant is an essential part of its infrastructure, in the same way as the development of industrial land, the availability of utilities (energy, water and industrial gases) or connections to communication networks.

1.8.3.5. Relations with organizations defending the environment

Séché Environnement develops its action in the spirit of partnership or at least complementarity with major active non-governmental organizations (NGOs), especially in the field of defence of the environment and the preservation of health.

Apart from this permanent dialogue with associations for the defence of the environment concerning the usefulness to society of the Group's activities and its way of carrying them out, Séché Environnement also initiates targeted partnerships for operations to preserve biodiversity around its sites.

Séché Environnement is convinced that the protection of biodiversity will be a major issue, both as regards its own activities and on a broader scale, over the coming decades.

The identification and value analysis of an environment, including appraisal of its biodiversity, must make it possible to reconcile as far as possible the management of natural areas with areas for industrial or domestic use, principally where activities needing large land areas are concerned.

To this end, it is necessary to identify the different environmental pressures on these land areas, including sites outside those classified Natura 2000 or lying in regional natural parks or similar areas. Biodiversity is at the very heart of human activity, so its preservation must intrinsically be taken into account in all human activities, as is the case for water and air outputs from industrial processes.

The eco-compatibility of plants, the choice of seeds, differentiated land management and the restoration of wetlands are other factors contributing to protecting biodiversity at the Group's sites. The results from monitoring, particularly from STOC EPS, a programme to evaluate bird populations, in collaboration with the French National Natural History Museum, attest to the effectiveness of the measures taken in the past several years. In line with our aim of continuous improvement, new ecosystem monitoring programmes for other fauna groups will be implemented in the near future.

1.8.3.6. Relations with local partners

As the main sites of the Group are designated for environmental protection, their prefectoral operating permits require them to convene local information and monitoring committees (CLIS) under the control of the authorities. These committees are tripartite bodies for dialogue, bringing together industry, citizens (local residents, associations, etc.) and the authorities. During the revision of some of these prefectoral operating permits, complete impact statements are made available to local residents, daily dialogue is initiated and public meetings make it possible to reply to questions from stakeholders.

Furthermore, the Group opens its sites to customers, elected representatives, local residents, associations and school groups. Visitors are invited to discover the means implemented and the concrete actions carried out to protect public health, the environment in general and biodiversity, especially on storage sites which, since they are situated in rural areas, tend to be the most appropriate for this purpose.

Finally, the Group develops privileged relationships with higher education establishments in a framework of exchanges between industry and universities.

1.8.4. Management of the environment, health and safety

1.8.4.1. Risk management

The overall risk management system is standardized at Group level, both for entities active in areas such as sorting, treatment and storage in France, and for those involved in decontamination and other services on the customer's premises. This applies to the company's permanent employees and to any sub-contractors who may work at these sites.

Risks are managed on several levels:

- very strict reception procedures are applied on all our sites for deliveries of all waste; these are particularly reinforced in the case of hazardous industrial waste, to ensure rigorous identification, appropriate treatment and perfect traceability. A key role is played by an unbroken information chain, from sampling for preliminary acceptance to analysing compounds in our own laboratories;
- operational control of processes and risk prevention in the workplace is accompanied by the implementation of appropriate security perimeters and protocols, including the imperative choice of individual and collective protective gear. Within each department, the single workplace risk prevention document is regularly reviewed and added to; procedures and operating methods are supplemented by feedback. Sites classified "Seveso 2 high threshold", including Speichim Processing in Saint-Vulbas, have implemented a safety management system (SMS) compliant with the statutory requirements. The principles of this are replicated or adapted to other situations for use elsewhere the Group;
- operators' qualifications and professionalism are strengthened through employee training programmes, the "security welcome" orientation which every new operator must complete, and the regular involvement, at all levels of the company, in security "quarter hours", meetings and visits;
- certified Quality, Environment and Safety management systems on all sites and for all activities. By the end of 2010, the Group had:
- 8 "Integrated Management Systems" (IMS) certifications: ISO 9001, ISO 14001 and OHSAS 18001 (of which 1 multi-site: 2);
- 18 ISO 14001 sites (of which 8 in IMS and 2 sites in multi-site);
- 14 OHSAS 18001 sites (of which 8 in IMS and 2 sites in multi-site);
- 15 ISO 9001 sites (of which 8 in IMS and 2 sites in multi-site);
- 1 MASE (manual of enterprise safety improvement) certification for external interventions and other outside work.

These systems drive our operations management, aided by audits, indicators, objectives and progress plans. Some of these indicators are consolidated at the national level and support a multi-year programme featuring progress, risk management, the sharing of experiences regarding control and prevention, work groups and interventions by external experts:

- measures are currently being deployed in order to improve understanding of the possible impacts of our activities in terms both of ecological surveillance and of carbon footprint, energy efficiency and life cycle analyses;
- open discussions are regularly held with all stakeholders, including employees, clients, neighbours, local authorities, elected representatives, organizations, universities and many others.

1.8.4.2. Strict regulatory compliance and updating of best practices and expertise

In all Séché Environnement's business lines, ensuring full regulatory compliance continues to be a prerequisite. Compliance must be fully considered and accompanied by technical updating. As such, the Group relies on:

- permanent monitoring of the regulatory situation and permanent, exhaustive access to this type of information in electronic form;
- strengthening of links between monitoring of the regulatory situation and of technical and standards monitoring, including Best Available Techniques (MTD), BREF (Best Available Technique Reference), etc.;
- participation in professional working groups set up to anticipate regulatory and technical developments;
- recurrent statutory audits by professionals trained in compliance and able to identify instances of possible non-compliance;
- timely corrective measures where necessary.

1.8.4.3. Reduction of impacts, especially of accidents

The Group's sites and security measures are regularly subjected to multiple scenarios. Thus, systems in place have been defined and organized so as to protect employees, the local population and the environment in the event of an accident. Depending on the size of the site and the regulations applicable, the system activated may be the internal emergency plan, the local fire and rescue department plan (ETARE), the internal operations plan (POI) and/or the special intervention plan (PPI). Several exercises were performed in 2010 to test the relevance and effectiveness of the procedures, and to ensure that they have been well appropriated by all concerned.

In order to protect the Group's industrial facilities, fire prevention equipment in particular is provided at all sites. This equipment is checked periodically by insurance assessors, and continuous improvement programmes are implemented. Compliance with site zoning, such as ATEX zones, is also regularly verified.

1.9. Appropriation and distribution of earnings

1.9.1. Proposed appropriation of earnings

In the resolutions submitted for their approval, shareholders are asked to approve the financial statements for 2010, and after noting the recognition of a net book gain of EUR 42 900 876.87, to approve the following appropriation and distribution of earnings proposed by the Board of Directors:

- distribution of EUR 11 225 331;
- allocation of EUR 31 675 545.87 to retained earnings.

The dividend payment for the year would therefore be set at EUR 1.30 per share. This dividend entitles individual shareholders to the 40% personal income tax credit (i.e. EUR 0.52 per share). The dividend would be paid out on or after June 10, 2011.

1.9.2. Dividends

1.9.2.1. Payment of dividends

Dividends are paid annually at the time and locations stipulated by the Annual General Meeting within nine months following the close of the previous fiscal year.

No recovery of dividends can be demanded from shareholders, except in the event of the distribution of fictitious dividends or fixed or interim interest, which are prohibited by law.

Dividends remaining unclaimed within five years of their allocation for payment are transferred to the State.

1.9.2.2. Dividends paid over the past three fiscal years

In conformity with the provisions of Article 243 bis of the French Tax Code, we provide below a table presenting the dividends per share paid out for the past three fiscal years and the corresponding tax credits:

DIVIDENDS PAID OUT IN THE COURSE OF THE LAST THREE YEARS

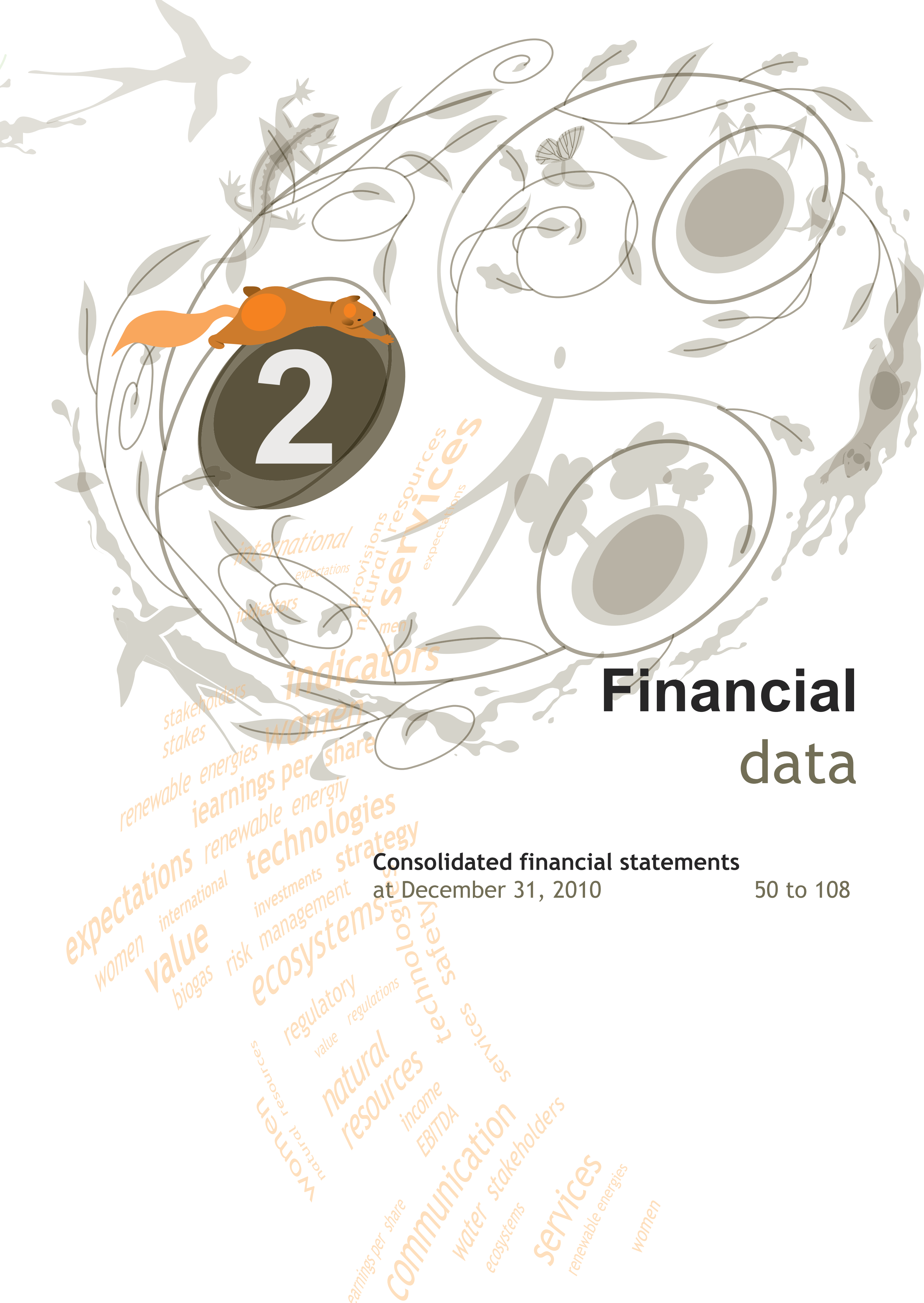
FISCAL YEAR	DIVIDEND (IN EUROS)	ENTITLEMENT TO TAX CREDIT
2007	1.30	40%
2008	1.30	40%
2009	1.30	40%

1 Management report

Five-Year Financial Summary

(IN EUROS)	2006	2007	2008	2009	2010
FINANCIAL POSITION AT YEAR-END					
Share capital	1 607 692	1 726 974	1 726 974	1 726 974	1 726 974
Number of outstanding ordinary shares	8 038 462	8 634 870	8 634 870	8 634 870	8 634 870
Total earnings from actual operations					
Pre-tax revenues	14 948 184	15 552 357	14 723 434	13 156 722	14 683 448
Earnings before taxes, profit-sharing, amortization and provisions	25 582 856	19 613 853	35 918 789	39 431 380	41 316 461
Income taxes	319 857	(2 568 183)	(1 100 429)	748 062	2 583 433
Employee profit-sharing for the year					
Earnings after taxes, profit-sharing, amortization and provisions	73 727 408	21 133 479	32 953 609	39 959 705	42 900 877
Amount of earnings distributed	11 225 331	11 225 331	11 225 331	11 225 331	11 225 331
Income from operations per share					
Earnings after taxes, profit-sharing, but before amortization and provisions	3.14	2.57	4.29	4.48	4.49
Earnings after taxes, profit-sharing, amortization and provisions	9.17	2.45	3.82	4.63	4.97
Dividend paid (*)	1.30	1.30	1.30	1.30	1.30
Tax credit	0.52	0.52	0.52	0.52	0.52
Headcount and payroll					
Number of employees	45	48	42	25	25
Amount of payroll	3 704 533	3 564 078	4 038 791	2 768 212	2 592 260
Amount of benefits paid	1 499 245	1 519 719	1 581 229	1 101 746	1 054 263

(*) Subject to approval by the Annual General Meeting.



2 Financial data

2

Financial data

2.1. Consolidated financial statements at December 31, 2010

2.1.1. Consolidated balance sheet

(IN THOUSANDS OF EUROS)	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010	NOTE
Goodwill	212 874	212 874	212 875	1.1
Other intangible fixed assets	5 489	5 173	7 234	1.2
Property, plant and equipment	167 219	154 994	155 014	2.1
Investments in affiliates	89 491	61 119	33 926	3
Non-current financial assets	129 906	137 891	147 350	4
Hedging instruments - non-current assets	/	/	/	4.3
Other non-current assets	1 462	0	1 759	4
Deferred tax assets	22 575	19 877	17 110	6
NON-CURRENT ASSETS	629 016	591 928	575 268	
Inventories	6 483	7 769	8 018	
Trade and other receivables	120 642	106 319	112 665	
Corporate tax receivables	578	3 551	/	
Current financial assets	94	124	88	
Hedging instruments - current assets	149	/	/	4.3
Other current assets	16 673	18 642	12 372	4
Cash and cash equivalents	8 731	19 108	43 431	4.1.3
CURRENT ASSETS	153 350	155 513	176 574	
TOTAL ASSETS	**782 365**	**747 441**	**751 842**	
Share capital	1 727	1 727	1 727	8
Additional paid-in capital	299 079	299 079	299 079	9
Reserves	19 876	33 068	40 600	10
Net income (Group share)	31 708	24 851	27 366	
SHAREHOLDERS' EQUITY (GROUP SHARE)	352 390	358 725	368 772	
Minority interests	953	960	955	
TOTAL SHAREHOLDERS' EQUITY	**353 342**	**359 685**	**369 727**	
Non-current financial debt	251 254	233 151	193 716	4.2.1
Hedging instruments - non-current liabilities	4 617	3 562	1 984	4.3
Employee benefits	99	134	169	5.3
Deferred tax liabilities	57	27	32	6
Other non-current provisions	3 623	3 549	2 653	5
Other non-current liabilities	256	238	1 350	4.2.2
NON-CURRENT LIABILITIES	259 906	240 661	199 904	
Current financial debt	27 394	31 195	44 648	4.2.1
Hedging instruments - current liabilities	341	1 689	609	4.3
Current provisions	13 601	13 523	17 984	5
Income tax payable	447	596	4 610	
Other current liabilities	127 335	100 092	114 360	4.2.2
CURRENT LIABILITIES	169 117	147 095	182 211	
TOTAL LIABILITIES	**782 365**	**747 441**	**751 842**	

2.1.2. Consolidated Income Statement

(IN THOUSANDS OF EUROS)	NOTE	2008 ACTUAL	2009 ACTUAL	2010 ACTUAL
Revenue	12	383 192	365 666	402 122
Other business income		4 838	2 103	4 239
Transfers of expenses		3 477	2 721	3 443
Purchases used for operational purposes		(54 338)	(47 629)	(55 415)
Other purchases and outside expenses		(126 710)	(113 801)	(135 245)
Taxes other than on income		(28 386)	(30 621)	(33 312)
Employee benefits expenses		(81 092)	(81 914)	(84 435)
EBITDA	**13**	**100 981**	**96 525**	**101 397**
Other operating income		194	69	52
Other operating expenses		(2 074)	(650)	(1 076)
Write-backs of provisions and internal transfers	14.2	3 140	(568)	(2 072)
Depreciation, amortization and provisions	14.3	(37 101)	(31 970)	(31 414)
CURRENT OPERATING INCOME	**14.1**	**65 139**	**63 406**	**66 887**
Income on sales of fixed assets		1 057	312	467
Asset depreciation		(796)	(246)	(2 083)
Other non-current income and expenditure		/	/	(4 840)
OPERATING INCOME	**15**	**65 400**	**63 472**	**60 431**
Income from cash and cash equivalents		11 670	13 495	14 697
Gross financial borrowing costs		(15 295)	(10 954)	(8 972)
COST OF NET FINANCIAL DEBT		**(3 625)**	**2 541**	**5 725**
Other financial income	16.2	9 889	12 099	2 832
Other financial expenses		(11 376)	(12 140)	(1 665)
FINANCIAL INCOME	**16.1**	**(5 112)**	**2 500**	**6 892**
Income tax on income of consolidated companies	17	(20 109)	(18 210)	(21 226)
INCOME OF CONSOLIDATED COMPANIES		**40 179**	**47 762**	**46 097**
Share of income of affiliates		(8 742)	(22 903)	(19 201)
NET INCOME BEFORE INCOME FROM DISCONTINUED OPERATIONS		**31 437**	**24 859**	**26 896**
NET INCOME OF CONSOLIDATED COMPANIES		**31 437**	**24 859**	**26 896**
of which minority interests		*(271)*	*8*	*(470)*
of which attributable to equity holders of the parent		*31 708*	*24 851*	*27 366*
Earnings per share		3.70 €	2.90 €	3.19 €
Diluted earnings per share		3.70 €	2.90 €	3.19 €

2.1.3. Net income and profits and losses booked directly under shareholders' equity

(IN THOUSANDS OF EUROS)	2008	2009	2010
Foreign currency differences	831	(938)	(28)
Change in fair value of financial hedging instruments	(4 571)	(374)	2 432
Change in fair value of available-for-sale financial assets	(115)	(300)	(141)
Share of profits and losses booked directly under shareholders' equity accounted for by the equity method	(29 129)	(5 612)	(7 822)
Income tax effects	1 574	128	(837)
SUB-TOTAL OF PROFITS AND LOSSES BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY	(31 410)	(7 096)	(6 396)
NET INCOME	31 437	24 859	26 896
NET INCOME AND PROFITS AND LOSSES BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY	**27**	**17 763**	**20 500**
of which attributable to equity holders of the parent	*298*	*17 755*	*20 970*
of which minority interests	*(271)*	*8*	*(470)*

Consolidated financial statements

2.1.4. Statement of changes in consolidated shareholders' equity

(IN THOUSANDS OF EUROS)	SHARE CAPITAL Note 8	PREMIUMS Note 9	NUMBER OF SHARES HELD AS TREASURY STOCK
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2007	**1 727**	**299 078**	**(3 160)**
Profits and losses booked directly in equity	/	/	/
Net income at 31 December, 2008	/	/	/
Net income and profit and losses booked directly in equity	/	/	/
Dividends paid	/	/	/
Treasury stock	/	/	(181)
Other changes	/	/	/
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2008	**1 727**	**299 078**	**(3 341)**
Profits and losses booked directly in equity	/	/	/
Income at 31 December, 2009	/	/	/
Net income and profits and losses booked directly in equity	/	/	/
Dividends paid	/	/	/
Treasury stock	/	/	(66)
Other changes	/	/	/
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2009	**1 727**	**299 078**	**(3 407)**
Profits and losses booked directly in equity	/	/	/
Income at 31 December, 2010	/	/	/
Net income and profits and losses booked directly in equity	/	/	/
Dividends paids	/	/	/
Treasury stock	/	/	237
Other change	/	/	/
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2010	**1 727**	**299 078**	**(3 170)**

CONSOLIDATED RESERVES AND NET INCOME	PROFITS AND LOSSES BOOKED DIRECTLY IN EQUITY	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	TOTAL ATTRIBUTABLE TO HOLDERS OF MINORITY INTERESTS	TOTAL SHAREHOLDERS' EQUITY
Note 10				
64 452	1 669	363 766	1 200	364 966
(370)	(31 410)	(31 780)	(4)	(31 784)
31 708	/	31 708	(271)	31 437
31 338	(31 410)	(72)	(275)	(347)
(11 150)	/	(11 150)	(2)	(11 152)
/	/	(181)	/	(181)
26	1	27	29	56
84 666	(29 740)	352 390	952	353 342
/	(7 096)	(7 096)	/	(7 096)
24 851	/	24 851	8	24 859
24 851	(7 096)	17 755	8	17 763
(11 130)	/	(11 130)	(1)	(11 131)
/	/	(66)	/	(66)
(224)	/	(224)	1	(223)
98 163	(36 836)	358 725	960	359 685
/	(6 396)	(6 396)	/	(6 396)
27 366	/	27 366	(470)	26 896
27 366	(6 396)	20 970	(470)	20 500
(11 151)	/	(11 151)	(1)	(11 152)
/	/	237	/	237
(9)	/	(9)	466	457
114 369	(43 232)	368 772	955	369 727

2.1.5. Consolidated statement of cash flows

(IN THOUSANDS OF EUROS)	2008	2009	2010
INCOME OF CONSOLIDATED COMPANIES	**40 179**	**47 762**	**46 097**
Elimination of income and expenses with no cash impact or not related to operating activities:			
• Depreciation and provisions	32 754	24 114	36 051
• Net capital gains on disposals	(376)	7 337	572
• Deferred taxes	1 576	2 978	1 938
• Other income and expenses	2 586	(277)	3 470
CASH FLOW FROM OPERATING ACTIVITIES	**76 719**	**81 915**	**88 128**
Tax expense	18 532	15 232	19 288
Cost of gross financial debt before long-term investments	2 596	(2 576)	(5 880)
CASH FLOW FROM OPERATING ACTIVITIES before taxes and financing costs	**97 848**	**94 570**	**101 536**
Change in working capital requirement	(7 785)	(4 423)	3 202
Tax paid	(19 601)	(18 051)	(11 731)
NET CASH FLOW FROM OPERATING ACTIVITIES	**70 462**	**72 096**	**93 007**
Cost of acquisition of fixed assets	(48 388)	(30 757)	(30 298)
Income from disposals of fixed assets	568	5 560	7 783
Net cash flow on acquisitions of subsidiaries	80	(966)	/
Net cash flow on disposals of subsidiaries	2 427	1 061	(56)
NET CASH FLOW FROM INVESTMENTS	**(45 313)**	**(25 100)**	**(22 571)**
Dividends paid to equity holders of the parent	(11 150)	(11 130)	(11 151)
Dividends paid to minority shareholders of consolidated companies	(1)	(1)	(1)
Capital increase in cash			
Changes in other shareholders' equity	(744)	1	237
Changes in other equity capital			(6)
Borrowings	3 400	15 169	5 498
Repayment of borrowings	(18 716)	(19 753)	(32 309)
Interest paid	(14 001)	(10 726)	(8 544)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(41 213)**	**(26 440)**	**(46 276)**
TOTAL CASH FLOW FOR THE PERIOD	**(16 064)**	**20 556**	**24 160**
Cash and cash equivalents at beginning of year	14 371	(1 832)	18 622
Cash and cash equivalents at end of year (*)	(1 832)	18 622	42 849
Effect of changes in foreign exchange rates	(140)	(102)	67
(*) of which:			
• Cash and cash equivalents	*8 731*	*19 108*	*43 431*
• Short-term bank borrowings (current financial liabilities)	*(10 563)*	*(486)*	*(582)*

Since January 1, 2009, certain reclassifications have taken place in the statement of cash flows:

- deferred taxes were restated separately from cash flow from operating activities;
- the staggering of refinancing costs according to the amortized cost method was removed from cash flow from operating activities, as was the change in the fair value of hedging instruments.

For comparison purposes, the same restatements have been applied to the statement of cash flows at December 31, 2008 presented above.

2.1.6. Notes to the 2010 consolidated financial statements

2.1.6.1. Accounting principles and methods

Point 1 - Accounting standards

Since January 1, 2005, the consolidated financial statements have been prepared in accordance with IFRS as adopted in the European Union through EU regulation 1606/2002 of July 19, 2002, which instituted the IFRS reporting framework.
When drawing up the financial statements at December 31, 2010, the Group applied the new standards and interpretations which came into compulsory effect on January 1, 2010.
In particular, the Group applied the following:

• the measures contained in amended IFRS 3 “Business combinations”. In the process of acquiring the HIME sub-group, acquisition fees were incurred and booked in 2008 under trade and other receivables in the amount of EUR 4.9 million. The business combination was still in progress at January 1, 2010. In conformity with the recommendations of the AMF, the Group recognized these acquisition fees in its operating income. The impact of applying this standard is therefore a reduction in operating income of EUR 4.9 million, a reduction in net income of EUR 3.2 million, and a reduction in net earnings per share of EUR 0.37.

• the IFRIC 12 interpretations concerning service concession arrangements, which are applicable to the activities of Béarn Environnement, Sénerval (which has a delegated public service concession contract concerning the management of incinerators for the urban community of Strasbourg) and Valaudia (which has a delegated public service concession contract concerning the construction and operation of the future Sydom 11 waste treatment facility). Application of the IFRIC 12 interpretations has no impact on the Group’s accounts at December 31, 2010.

In preparing the financial statements for the period ended December 31, 2010, the Group has elected not to anticipate any standards or interpretations.

The financial statements were approved by the Board of Directors of Séché Environnement on February 18, 2010 and will be submitted for approval to the next Annual General Meeting. Financial data is presented in euros rounded up to the nearest thousand. The financial statements have been prepared on the historical cost basis, except for derivative instruments recognized at fair value.

In order to prepare consolidated financial statements in accordance with IFRS, management is required to exercise its judgment and make estimates and assumptions that impact the application of the Group’s accounting policies and the amounts of assets and liabilities, and income and expenses. The estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances.
They serve as the basis for any judgment required for determining the book value of assets and liabilities when such amounts cannot be obtained directly from other sources. Due to the inherent uncertainty of such valuation processes, estimates and underlying assumptions are continuously reviewed. Actual future results from these operations may differ from these estimates.
The estimates made by the Group primarily concern the recoverable amount of tangible and intangible assets and the recognition of provisions (particularly, provisions for employee benefits). Point 9.4 in these notes to the financial statements outlines the key assumptions made by management to estimate the recoverable value of tangible and intangible assets, whereas point 15.4 outlines those used to estimate provisions for employee benefits.

The accounting standards mentioned in the following notes were applied in the preparation of the accounting data for comparative purposes and the financial statements at December 31, 2010.

Point 2 - Consolidation scope and consolidation method

The consolidation scope of Séché Environnement includes the consolidating parent company Séché Environnement SA and all the companies it controls, directly or indirectly, exclusively or jointly, or over which it exercises significant influence, whatever their legal form.
The subsidiaries are consolidated as of the effective date on which control was taken and until the date on which control was lost.
In determining control and in compliance with the provisions of IAS 27, potential voting rights attached to financial instruments - which, if exercised, may provide Séché Environnement or its subsidiaries with a voting right - are taken into consideration.

Companies over which the Séché Group exercises exclusive control, either directly or indirectly, are fully consolidated: after the elimination of inter-company transactions and the Group's internal profits or losses, all assets, liabilities and profit and loss account items of the companies concerned are booked. Control exists where the Group is entitled to direct the financial and operational policies of the company in question in order to benefit from its business activities.

Companies jointly owned by the Group and other shareholders or partners are consolidated using the proportionate method: the company's results are booked in the consolidated accounts in proportion to the Group's holding in the company, after any restatements that may be necessary. No minority interests are booked. Joint control is defined as the shared control of a company that is jointly run by a limited number of partners or shareholders, with all financial and operational policies determined by unanimous mutual agreement. This equitable sharing of control is the subject of a formal, contractual agreement.

Companies over which the Group exercises significant influence, either directly or indirectly, are consolidated using the equity method: the book value of the shares held is replaced by the portion they represent in the company's restated shareholders' equity, including the net profit or loss for the year. Significant influence is defined as the authority to contribute to a company's financial and operational policies, but not to control those policies. The Group is deemed to exercise significant influence when it holds more than 20% of the voting rights in the company in question.

Point 3 - Conversion method

Séché Environnement's reference currency, used to present its consolidated financial statements, is the euro.

Point 4 - Conversion of transactions in foreign currencies

Transactions in foreign currencies are converted into euros at the exchange rate in effect on the transaction date. At the closing of the accounts, all assets and liabilities denominated in foreign currencies are converted at the exchange rate in effect on the closing date. Translation differences arising from this conversion are booked in the income statement.

Any current account advance made to a subsidiary which is an integral part of the group, when such advance is not expected or likely to be repaid in the foreseeable future, is considered as a net investment by the Group in that activity outside France. For this reason, and in application of IAS 21, exchange differences attributable to such advances are booked directly under shareholders' equity (as a translation difference). They are booked under earnings when withdrawn from net investment.

Point 5 - Conversion of the financial statements of foreign companies

The accounts of foreign companies are drawn up in the operational currency of each subsidiary.

In the Group's consolidated financial statements, balance sheet items are converted at the exchange rate in effect at the closing date.

2 Financial data

Income statement and cash flow statement items are converted using the average exchange rate for the year.

Foreign currency differences booked on both the balance sheet (difference between closing rates of the previous year and those applicable to the current year) and the income statement (difference between average rates and closing rates) are booked as follows:

- for the Group share, in consolidated shareholders' equity under “translation differences”;
- for the third-party share, under "minority interests".

Point 6 - Major transactions and pro-forma financial statements

The year 2010 was not marked by any significant change in scope. Therefore, no restated accounts were drawn up in respect of 2009.

Point 7 - Sector information

The CODM (chief operating decision maker) has access to financial data for each legal entity. These legal entities provide waste treatment services for hazardous and non-hazardous wastes, for a highly diversified customer base consisting of local authorities and industrial companies, in a variety of industrial facilities, under a single regulatory framework, principally in France.

It should be noted that no single type of customer or treatment corresponds to a particular type of waste treatment. No specific type of waste, waste treatment or customer corresponds to a particular legal entity. The offers made by the Group to its customers take account of this diversity in the nature of waste products and in methods for dealing with them. The continuing integration of the Group’s activities serves increasingly to underline this fact.

Therefore performance evaluations and allocations of the Group’s resources made by the CODM are based on the analysis of performance indicators which are undifferentiated in terms of legal entity, and which present the same economic characteristics across all legal entities.

Indeed, the Group considers itself as operating in a single sector, that of waste management.

Point 8 - Changes in accounting and accounting valuation methods

Point 8.1 - Changes in accounting methods

The Group did not implement any changes in the accounting principles and methods applied.

Point 8.2 - Changes in accounting valuation methods

As part of the annual review of assumptions underlying the calculation of the amount of provisions for thirty-year monitoring and site rehabilitation, it was judged necessary to review significantly the updating period of the provision entered by the Group in respect of its landfill site at Montech. As a result, financial income concerning updating the provision was recognized in 2010 in the amount of EUR 1.1 million.

Point 9 - Tangible and intangible fixed assets

Point 9.1 - Goodwill

Goodwill is the difference between the purchase price of the Group’s stake in a company, and the fair value of that company’s net assets, liabilities, and identifiable potential liabilities at the date of acquisition.
The fair value of acquired assets and liabilities can be corrected or adjusted during the 12 months following the acquisition, and goodwill will then be re-assessed retrospectively.

If the recorded fair value of assets, liabilities, and identifiable potential liabilities exceeds the purchase price, the difference is immediately booked as income.

If additional shares are purchased in a subsidiary which is already fully consolidated, goodwill represents the difference between the purchase price of the new block of shares and the book value of the minority rights purchased at the date of acquisition.

The value of goodwill is reassessed at least once a year, and whenever there is an indication of impairment. In such cases, the difference between book value and recoverable value is recognized as an operating expense, under "asset depreciation", and is irreversible.

Point 9.2 - Other intangible fixed assets

The Group's other tangible and intangible fixed assets, booked as assets in conformity with IAS 38, consist mainly of:

- potential or actual operating rights; these represent the value paid out for sites in view of their intrinsic properties which them particularly suitable for landfill operations;
- the intangible right recognized in application of IFRIC 12 relative to service concession arrangements. The intangible assets recognized under this heading represent the the right of the operator to charge the public for use of the infrastructure;
- development costs: these correspond to studies relating to technological innovation, improvement in the efficiency of facilities, safety and environmental protection. They are booked as assets when they meet the recognition criteria outlined in IAS 38;
- patents and software.

Intangible assets with identifiable useful lives are amortized over their life expectancies.

Intangible assets with indefinite useful lives are reassessed for impairment following the procedure described in point 9.4, which outlines the accounting principles applied.

Point 9.3 - Property, plant and equipment

Property, plant and equipment are carried at their historic purchase or production cost, or at the cost of their constitutive components on their arrival in the Group, less cumulative depreciation and any impairment recognized. When the components of property, plant and equipment have different useful lives, they are booked separately.

The book value of property, plant and equipment is not revalued, since the Group has chosen not to apply the alternative method allowing for regular revaluation of fixed assets in whole or in part.

Depreciation is determined on a straight-line basis according to the useful life of each item of property, plant or equipment.

Depreciation is calculated based on the book value of the asset, where appropriate net of residual value.

PROPERTY, PLANT AND EQUIPMENT	AMORTIZATION PERIOD
Buildings	10 to 25 years
Plant	5 to 10 years
Other equipment	3 to 10 years

Assets which are the subject of finance leases are restated on the balance sheet, in accordance with IAS 17, and outstanding lease payments are recorded as financial liabilities based on the original value of the assets:

- such assets are subject to depreciation according to the duration and method applied to equivalent goods owned by consolidated companies. However, where leases do not provide for the definite or highly probable transfer of ownership at the end of the lease term, assets are amortized over the shorter of the lease term or the useful life of the asset;
- the debt thus recognized is amortized according to a schedule that determines the interest expense over a given period using the implicit interest rate set in the contract, applied to the capital remaining due at the start of the period;
- the deferred taxes resulting from this restatement are recognized in the Group's financial statements according

to the recognition principles for deferred taxes outlined in point 16 of the present note on the accounting principles applied.

Point 9.4 - Recoverable value of tangible and intangible fixed assets

Tangible and intangible fixed assets must be subjected to impairment tests in certain circumstances:

- for intangible fixed assets with indefinite useful lives, and for intangible fixed assets in progress, impairment testing must be performed at least once a year;
- for other fixed assets, testing is performed whenever there is an indication of impairment.

Fixed assets (tangible and intangible) subjected to impairment tests are grouped into cash-generating units (CGUs), i.e. groups of similar assets which generate independent cash flows. Due to the increasing integration of the Group's activities, the development of its global offering, and consequently the nature of intra-group transactions and flows, Séché Environnement deems it appropriate to divide its scope of activity into two CGUs: France and International.

Impairment is recognized when the recoverable value of a CGU is lower than its book value. Recoverable value corresponds to the higher of useful value and fair value less cost of sale.

Useful value is determined on the basis of estimated discounted cash flows. It should be noted that:

- estimated cash flows are calculated based on the consolidated business plans of each CGU, covering a period of 5 fiscal years excluding the current fiscal year. Like the budget, these business plans are drawn up based on the most accurate operational information available regarding past experience, market trends and techniques, and are reviewed by the Group management to ensure consistency with existing strategy and the resulting investment policy. Given the economic context in 2010 and the uncertainties currently weighing on visibility concerning our activities in the medium term, the business plan was established over 3 years only. Years 4 and 5 have been projected as being identical to year 3;
- a terminal value is calculated for the sixth year, using year 5 flows on the basis of a growth rate to perpetuity of 1.61%;
- the discount rate used is 6.61%, which reflects current market estimates of the average cost of capital. The choice of a single discount rate is justified by the fact that goodwill and intangible fixed assets with indefinite useful lives are almost entirely accounted for by companies in Europe which carry out their business in Europe only. This discount rate is an after-tax rate applied to after-tax cash flows, and results in the same recoverable values as those calculated by applying pre-tax rates to pre-tax cash flows (as recommended by IAS 36).

Goodwill impairment is not reversible and is recorded as an operating loss under "asset depreciation". Impairment of property, plant and equipment is reversible, and is also recorded as an operating loss under "asset depreciation".

Point 10 - Public service concession contracts

Part of the Group's activities is carried out as a concessionnaire of public services. The contracts concerned (currently executed by Bearn Environnement, Valaudia and Séneval) provide for transfer by the grantors of the right to operate certain dedicated infra-structures in exchange for remuneration. These infrastructures are either placed at the disposal of the operator free of charge, and may be the subject of improvements made by the operator while the contract is in force, or they may be constructed by the operator. Such contracts generally also provide for an obligation to maintain and repair the assets conceded.

Such concession contracts are accounted for according to the interpretation "IFRIC 12 – Service Concession Arrangements", published in November 2006, and mandatory since January 1, 2010 :

- infrastructures received free of charge from the grantor are not booked in the balance sheet as assets;
- the right to operate the infra-structures is recognized in the balance sheet, either as a financial asset if analysis of the contract concludes that the operator has an unconditional right to receive cash from the grantor, or as an intangible asset if analysis of the contract concludes that the operator should be considered as receiving from the grantor a right to charge users of the public service. Intangible assets recognized under the latter case are depreciated on a straight-line basis over the useful life of the infrastructures generating the right;
- the construction, or upgrading, of existing infrastructures is booked at fair value in income, according to IAS 11, and revenues from operating the services are booked according to IAS 18 as mentioned in point 18 "Accounting for revenue" of the present note;
- the costs of maintenance and repair are booked under expenses. As provided for by IAS 37, a provision may be booked if there exists a time lag between the contractual commitment and its realization.

Point 11 - Public subsidies

The subsidies booked by the Group are mainly related to assets. These investment subsidies are not deducted from the property, plant and equipment for which they were received, but are booked in the balance sheet as "Other current liabilities" under "Prepaid deferred income." Their carrying value is determined by the rate of depreciation of the asset to which they are linked and booked under "Other income".

Any operating subsidies are booked directly under "Other income".

Point 12 - Financial instruments

Financial instruments used by the Group include:

- non-derivative financial assets: assets available for sale, debt and loans, cash and cash equivalents;
- non-derivative financial liabilities: borrowings and other financings, current financial liabilities, and operating debts;
- mixed and derivative financial instruments: convertible bonds, subscription options, cash flow hedging instruments.

These ae booked by the Group according to the principles laid down in IAS 39: they are initially booked at fair value, augmented by directly attributable transaction costs in the case of those instruments not booked at fair value through profit and loss.

Point 12.1 - Non-derivative financial assets

Available-for-sale financial assets

Available-for-sale financial assets include mainly:

- shares in non-consolidated companies, whose fair value is determined by taking into account the last known Group share in shareholders' equity;
- other securities not meeting the definition for other financial assets, i.e. for the Group, other investments.

Any changes in the fair value initially recorded are booked directly in shareholders' equity.

When these financial assets are sold, the amounts booked in shareholders' equity are restated as income.

Loans and receivables

This category includes receivables on non-consolidated equity investments, loans, deposits and bonds, as well as accounts receivable and other operating receivables (fiscal, social, and other).

This asset category is initially recorded at fair value (which in most cases corresponds to their nominal value), then at their amortized cost (under the effective interest rate method) minus any impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, sight deposits, term deposits and liquid investments in marketable securities. Callable overdrafts, which are an integral part of the Group's cash management policy, represent a portion of cash and cash equivalents for the purposes of the statement of cash flows.

Cash equivalents are predominantly comprised of money market SICAVs (open ended mutual funds). They are recorded at fair value, and any changes in fair value are recorded as income.

Interest receivable on time deposits is calculated for the period between the subscription date and the balance sheet date.

Point 12.2 - Non-derivative financial liabilities

The financial liabilities of the Group are recorded at their fair value less transaction costs, then at their amortized cost based on the effective interest rate method.

Point 12.3 - Derivative instruments

Hedging instruments

In order to manage its exposure to interest rate risk, the Group uses financial instruments that are listed on organized, over-the-counter markets with high-quality counterparties.

The Group mainly uses interest rate swaps, swaptions, caps, floors and collars to hedge the interest rate risk incurred on its financing commitments:

- swaps are used by the Group to switch from a variable rate to a fixed rate of interest. Earnings on these interest rate swaps used to hedge financial liabilities are booked in the same way as any earnings on the liabilities hedged. As such, the differential between interest payable and the interest receivable is booked as interest income, or as an interest expense over the life of the liabilities hedged;
- swaptions are used by the Group to switch from a variable rate to a fixed rate on an option. When the options are exercised, the accounting principles governing swaps apply;
- caps, floors and collars are used to limit the risk of interest rate fluctuations on variable rate debt. Earnings on these instruments are booked in the same way as earnings generated on the liabilities hedged.

With respect to the hedging instruments used to hedge cash flows, the Group measures its derivative instruments at fair value:

- for derivative instruments eligible for hedge accounting, the effective portion of the hedging derivative's gain or loss is directly recorded under equity (re-booked on the income statement when the transaction takes place);
- for derivative instruments eligible for hedge accounting, the ineffective portion of the hedging derivative's gain or loss is recorded on the income statement.

Hybrid financial instruments

The Group's assets include hybrid financial assets in the form of 14 743 080 HIME convertible bonds.

These bonds, subscribed to on April 26, 2007 are redeemable on April 30, 2027. They bear an interest rate of 8% (before removal of the conversion rights), over the current interest period May 1 to April 30 of every year.
The interest unpaid at the end of every interest period is capitalized on the same date.

These instruments give Séché Environnement an option to convert them into a specific number of HIME shares, at a ratio of 1 HIME share (of EUR 1 nominal) to 8 convertible bonds (of EUR 10 nominal).

At the maturity date, the non-exercised convertible bonds will be repaid in total and in cash, any including interest due.

At the outset, the "bond" portion and the "derivative" portion were determined in the same way as those identified by HIME as issuer ("debt" and "shareholders' equity" portions):

- the "bond" portion of the instrument was booked according to the nature of the financial instrument, as an available-for-sale financial asset, for an initial amount of EUR 106 million.

- the "derivative" portion of these financial instruments was booked in "Investments in affiliates", thus following the manner of booking the underlying portion of the instrument, in the amount of EUR 41 million net of tax effects.

After removal of the "derivative" portion, the "bond" portion bears interest at the rate of 9.89%. This is booked:

- in income, in "revenue from cash and cash equivalents";
- in the balance sheet in "Non-current financial assets".

Other derivative instruments

The Group holds a call option granted by Fonds Stratégique d'Investissement SA (FSI, a subsidiary of Caisse des Dépôts) to Séché Environnement for 18% of HIME's share capital. This call option may be exercised between May 27, 2008 and May 26, 2012. If the option is exercised, the price paid by the Group to acquire the 18% of HIME would be the greater of, on the one hand, EUR 130 million plus an amount sufficient to provide FSI with a return of 8%, and, on the other hand, a market valuation defined by an expert.

A suspensive condition is attached to this call option, the lifting of which does not depend on the sole volition of Séché Environnement. In particular, the option may not be exercised unless a favourable bank waiver is obtained, and after consultation with the competition authorities. At the date of its booking, it was recorded in the financial statements at its fair value, i.e. purchase cost, being a transaction between independent and informed parties for which the underlying element (shares of an unlisted company) had been the subject of a recent transaction about which the parties were fully informed.

Any changes in fair value are booked in the income statement.

Point 13 - Treasury stock

Treasury stock is recorded in reduction of shareholders' equity. Profits and losses resulting from the sale of treasury stock and related dividends are booked directly to shareholders' equity, net of tax.

Point 14 - Inventories

In compliance with IAS 2, inventories are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business, minus the anticipated costs of completing the sale.

Point 15 - Provisions

Provisions are booked to the balance sheet when the Group has a present obligation (legal or implied) vis-à-vis a third party, and it is likely that the Group will have to draw on resources representing future economic benefits in order to extinguish that obligation.

A provision is booked to the Group's financial statements only on the condition that the amount of the resources outflow necessary to meet the obligation can be measured in a reliable fashion. In the absence of a reliable estimate, and/or where the Group believes it has strong and relevant arguments in its favour with regard to the claim in question, no provision is booked. This information is presented in the chapter entitled "Disputes and exceptional events" in the present notes to the consolidated financial statements.

The main provisions booked by the Group relate to site rehabilitation, thirty-year monitoring costs, site decontamination and various other risks and disputes.

Point 15.1 - Provisions for site rehabilitation and thirty-year monitoring

The European Parliament adopted a new European Directive on April 26, 1999 relating to the landfill of waste. Under this Directive, all costs related to the use of landfill sites must be included in the price, including installation and operation of the site, financial guarantees, alienation and maintenance.

Furthermore, a French regulation dated September 9, 1997 requires long-term monitoring over 30 years of all facilities operating after June 14, 1999.

Accordingly, the Group books provisions for the thirty-year monitoring and rehabilitation of its final waste storage sites:

- provisions for site rehabilitation: these are determined as and when authorizations are granted, based on the estimated cost of cleaning up the site and the surface area remaining to be covered. Estimated costs may be determined using the calculation method prescribed in the Memorandum of April 23, 1999, issued by the French Ministry of Land Development and the Environment, on the methods for constituting financial guarantees. Also taken into account are actual operating methods and any specific requirements stipulated by prefectoral authorizations;

- provisions for thirty-year monitoring: these are also calculated as and when authorizations are granted, and are constituted over the duration of their use, pro rata to the site's estimated life expectancy. The estimated cost of cleaning up the site is also determined as and when authorizations are given and in accordance with the Ministry of the Environment's Memorandum of April 23, 1999, operating methods and any specific requirements stipulated by the Prefect. Estimated costs are subject to a detailed review every three years, upon renewal of the financial guarantees. Thirty-year monitoring provisions covering more than 12 months are subject to financial restatement.

Point 15.2 - Provisions for site decontamination

Séché Environnement's activities can generate two different types of pollution: “accidental” or “chronic”. In both cases, the Group implements the controls required to detect pollution of any kind generated by its activities. In addition to organized supervision of all discharged waste products and their impacts, the Group has also prepared an impact reduction plan to respond to any accidental incidents.

A provision for site decontamination is booked once the Group is aware of a case of contamination and has been required to decontaminate the site by the relevant authorities (e.g. DRIRE – the regional government department for industry, research and the environment). Based on all available sources of information to date, Séché Environnement has no knowledge of any pollution resulting from the Group's activities.

Point 15.3 - Provisions for other risks and disputes

This provision is booked on the basis of the most likely assumptions concerning other risks and disputes.

In particular, in the event of a tax audit, the amount of the adjustment notified (or in the process of being notified) by the tax authorities is not the subject of a provision if both the company in question and the Group consider that the points raised are unfounded, or that their position is reasonably likely to prevail in the course of the dispute with the authorities.

Point 15.4 - Employee benefits

Post-employment benefits consist exclusively of the Group's commitments in respect of end-of-career payments to retiring employees. The Group’s commitments to employees of its French companies are accounted for either through provisions (in the case of GEREP and SOGAD) or in the form of contributions to independent organizations which manage these assets on behalf of Group companies. Where previously accumulated contributions exceed the amount of the commitment at the balance sheet date, a prepaid expense for the difference is recorded in the financial statements.

Regardless of the accounting treatment selected to recognize the commitment, the latter is calculated on the basis of actuarial evaluations using the prospective method (projected unit credit method), taking into account:

- a turnover rate for each activity and socio-professional category determined on the basis of the historical data to which the Group has access, and a salary reassessment rate based on seniority, expected career profile, sustained purchasing power and collective bargaining agreements;

	2008	2009	2010
Turnover	between 2.6% and 8.0%	between 2% and 8%	between 3% and 8%
Reassessment of salaries	between 3.2% and 6.1%	between 3% and 6%	between 3.5% and 5.0%

- a discount rate of 4.712 %;
- an inflation rate of 2 %;
- a retirement age for executives of 65 years at the initiative of the company, and for non-executives of 62 years at their own initiative. The amount of the commitment is determined inclusive of social security contributions.

Actuarial variances are recorded directly as expenses for the period.

Point 16 - Borrowing costs

Interest on loans is booked in expenses in the fiscal year in which it was accrued.

- borrowing costs directly attributable to the purchase, construction or production of assets requiring a long preparation period before being able to be used or sold are incorporated directly into the costs of the assets.
- costs directly attributable to the establishment of financing or re-financing arrangements are deducted from the loan in question and recycled through profit and loss using the effective interest rate method.

Point 17 - Income tax

Point 17.1 - Tax consolidation

The Group adopted the tax consolidation regime on January 1, 2000. The option for the tax consolidation regime was renewed on January 1, 2005 for a further five-year period. All French commercial companies in which Séché Environnement owns at least a 95% interest come under the scope of this regime.

Point 17.2 - Deferred taxes

Deferred taxes are computed on the timing differences that may exist between the book value of assets and liabilities and their tax base. They are calculated per company using the liability method of tax allocation. According to the provisions of IAS 12, no deferred taxes are booked for the timing differences generated by goodwill, for which amortization is not deductible for tax purposes.

The net balance of deferred taxes is determined based on the situation of each tax entity. A deferred tax asset is booked only if the Company has a reasonable assurance of recovering the amount over the next few years.

Point 18 - Accounting treatment of revenues

Revenues from the sale of goods are recognized under revenues from ordinary activities where:

- the majority of the risks and benefits associated with the ownership of said goods has been transferred to the buyer;
- the Group is no longer involved in the management of the goods, and no longer maintains effective control thereof;
- transaction costs incurred or to be incurred relative to the transaction can be measured in a reliable fashion.

Revenues are recognized as follows:

- for the sale of services, (the major part of the Group's activity), in compliance with IAS 18, i.e. at the time of completion of the service, and when it is probable that any related economic benefits will flow to entities of the Group.

- for construction contracts, in accordance with IAS 11, based on the percentage of completion method defined by that standard. The percentage of completion is measured on the basis of the amount of work actually completed. When it seems likely that the total cost of the contract will exceed the total amount of revenues, a completion loss for the total difference is booked for the period.

Revenues received from the Group's activities governed by mandates are recorded net of the expenses incurred by these same activities.

Revenues received from the Group's ordinary activities in the framework of public service concession contracts are booked according to interpretation IFRIC 12, and explained in point 10 of the present note.

Point 19 - Financial items on the income statement

Point 19.1 - Income from cash and cash equivalents

Income from cash and cash equivalents mainly covers income from financial instruments held by the Group (convertible bonds) and income from the sale of marketable securities, net of provisions and write-backs of provisions for impairment of marketable securities booked as assets.

Point 19.2 - Financial borrowing costs

Gross financial borrowing costs include interest accrued on loans, calculated at the effective interest rate, and the cost of hedging against interest rates on these same loans.

Net financial borrowing costs correspond to gross financial borrowing costs, minus income from cash and cash equivalents.

Point 19.3 - Other financial income and expenses

Other financial income and expenses correspond to income from loans and financial receivables, dividends paid by non-consolidated companies, foreign exchange gains, growth in provisions and impairment on financial assets.

2.1.6.2. Consolidation scope

2.1.6.2.1. Parent company

Séché Environnement
Les Hêtres – BP 20 – 53811 Changé

A French limited company (Société Anonyme) with share capital of EUR 1 726 974.00

2.1.6.2.2. Consolidated subsidiaries

COMPANY NAME		SIREN REGISTRATION NUMBER	% INTEREST	CONSOLIDATION METHOD
Béarn Environnement	Pau (France)	393 439 203	100.00	Full
Triadis Services	St Jacques de la Lande (France)	384 545 281	100.00	Full
Drimm	Montech (France)	339 278 871	100.00	Full
Séché Alliance	Changé (France)	556 850 279	99.94	Full
Gerep	Paris (France)	320 179 559	50.00	Full
Hungaropec	Budapest (Hungary)		99.57	Full
IberTredi Medioambiental	Barcelona (Spain)		100.00	Full
Opale Environnement	Calais (France)	332 359 637	100.00	Full
Séché Éco-services	Changé (France)	393 307 053	99.98	Full
Séché Éco-industries	Changé (France)	334 055 183	99.99	Full
Séché Transports	Changé (France)	391 918 885	99.50	Full
Senergies	Changé (France)	306 919 535	80.00	Full
SCI LCDL	Changé (France)	410 629 752	99.80	Full
SCI Le Honry	Paris (France)	322 118 910	100.00	Full
SCI Les Chênes Secs	Changé (France)	397 475 138	99.80	Full
SCI Mézerolles	Changé (France)	340 493 840	99.99	Full
Sem Tredi	(Mexico)		100.00	Full
Sotrefi	Etupes (France)	315 669 218	100.00	Full
Sénerval	Strasbourg (France)	519 253 355	99.90	Full
Speichim Processing	Saint Vulbas (France)	389 218 850	100.00	Full
SVO Éco-industries	Le Vigeant (France)	317 538 767	100.00	Full
Tredi Argentina	Buenos Aires (Argentina)		100.00	Full
Tredi SA	Paris (France)	338 185 762	100.00	Full
UTM	Lübeck (Germany)		100.00	Full
Valls Quimica	Valls (Spain)		100.00	Full
Valaudia	Changé (France)	514 944 867	100.00	Full
Sogad	Le Passage (France)	322 323 783	50.00	Proportionate
HIME	Paris (France)	495 137 077	33.00	Equity
Sci Noiseraie	La Pommeraye (France)	509 208 682	20.00	Equity
Altergies	Paris (France)	510 346 133	19.91	Equity
La Barre Thomas	Rennes (France)	392 583 563	40.00	Equity

2.1.6.2.3. Non-consolidated subsidiaries

Certain equity investments were excluded from the consolidation scope, namely companies undergoing liquidation.

	% HELD BY GROUP	SHARE CAPITAL	LATEST PROFIT OR LOSS	FAIR VALUE OF SHARE
TRADING COMPANIES				
• Sofred (*)	35.05%	NC	NC	/
• BEFS-PEC (*)	30.00%	NC	NC	/
• Tredi New Zealand (**)	100.00 %	NC	NC	/
• Tredi Amériques (**)	100.00%	NC	NC	/
• ÉcoTredi (*)	65.53 %	NC	NC	/
• Autres		NC	NC	2

(*) Company undergoing liquidation.

(**) Company for which the decision to liquidate has been taken.

2.1.6.3. Explanatory notes to the financial statements

2.1.6.3.1. Notes to the balance sheet

Note 1 - Intangible fixed assets

Note 1.1 - Goodwill

Goodwill breaks down as follows:

(IN THOUSANDS OF EUROS)	FRANCE	INTERNATIONAL	TOTAL
GROSS VALUE			
Dec. 31, 2008	228 395	10 373	238 768
Change in consolidation scope	/	/	/
Increases	/	/	/
Decreases	/	/	/
Dec. 31, 2009	228 395	10 373	238 768
Change in consolidation scope	/	/	/
Increases	1	/	1
Decreases	/	/	/
Dec. 31, 2010	**228 396**	**10 373**	**238 769**
IMPAIRMENT			
Dec. 31, 2008	(20 220)	(5 674)	(25 894)
Change in consolidation scope	/	/	/
Increases	/	/	/
Decreases	/	/	/
Dec. 31, 2009	(20 220)	(5 674)	(25 894)
Change in consolidation scope	/	/	/
Increases	/	/	/
Decreases	/	/	/
Dec. 31, 2010	**(20 220)**	**(5 674)**	**(25 894)**
NET VALUE			
Dec. 31, 2008	208 175	4 699	212 874
Change in consolidation scope	/	/	/
Increases	/	/	/
Decreases	/	/	/
Dec. 31, 2009	208 175	4 699	212 874
Change in consolidation scope	/	/	/
Increases	1	/	1
Decreases	/	/	/
Dec. 31, 2010	**208 176**	**4 699**	**212 875**

In the absence of indications of impairment losses, impairment tests are performed annually, on December 31. As a result of the impairment test carried out in 2010 (using the methods described in these notes to the consolidated financial statements, under “accounting principles and valuation methods – recoverable value of tangible and intangible assets”), no impairment was booked for the fiscal year 2010.

The discount rate is the most sensitive assumption made in the assessment of impairment tests. A 0.5% increase in the discount rate would decrease the fair value of all of the Group’s goodwill by EUR 21.7 million. Such a decrease would not lead the Group to recognize an impairment.

Furthermore, the sensitivity analysis did not reveal any probable scenario under which the recoverable value of any CGU would fall below its net book value.

2 Financial data

Note 1.2 - Table of changes in other intangible fixed assets

(IN THOUSANDS OF EUROS)	START-UP AND DEVELOPMENT EXPENSES	SOFTWARE, PATENTS	OTHER INTANGIBLE FIXED ASSETS	PREPAYMENTS ON INTANGIBLE FIXED ASSETS	TOTAL
GROSS VALUE					
AT Dec. 31, 2008	123	6 416	4 644	400	11 583
Increases (investments)	/	390	3	3	**396**
Disposals (sale or scrap)	/	(85)	/	(45)	**(130)**
Other changes	/	381	1	(358)	**24**
AT Dec. 31, 2009	123	7 102	4 648	/	11 873
Increases (investments)	/	352	370	377	**1 099**
Disposals (sale or scrap)	/	(147)	/	/	**(147)**
Other changes	/	1	3 752	/	**3 753**
AT Dec. 31, 2010	123	7 308	8 770	377	16 578
AMORTIZATION					
AT Dec. 31, 2008	(121)	(5 929)	(40)	/	(6 090)
Allocations	(7)	(643)	(10)	/	**(660)**
Write-backs	/	53	1	/	**54**
Other changes	5	/	(5)	/	**/**
AT Dec. 31, 2009	(123)	(6 519)	(54)	/	(6 696)
Allocations	6	(418)	(2 374)	/	**(2 786)**
Write-backs	/	143	/	/	**143**
Other changes	(5)	/	4	/	**(1)**
AT Dec. 31, 2010	(122)	(6 794)	(2424)	/	(9 340)
IMPAIRMENT					
AT Dec. 31, 2008	/	(4)	/	/	(4)
Allocations	/	/	/	/	**/**
Write-backs	/	/	/	/	**/**
Other changes	/	/	/	/	**/**
AT Dec. 31, 2009	/	(4)	/	/	(4)
Allocations	/	/	/	/	**/**
Write-backs	/	/	/	/	**/**
Other changes	/	/	/	/	**/**
AT Dec. 31, 2010	/	(4)	/	/	(4)
NET VALUE					
AT Dec. 31, 2008	2	483	4 604	400	5 489
Increases (investments)	(7)	(253)	(7)	3	**(264)**
Disposals (sale or scrap)	/	(32)	1	(45)	**(76)**
Other changes	5	381	(4)	(358)	**24**
AT Dec. 31, 2009	/	579	4 594	/	5 173
Increases (investments)	6	(66)	(2 004)	377	**(1 687)**
Disposals (sale or scrap)	/	(4)	/	/	**(4)**
Other changes	(6)	1	3 756	/	**3 751**
AT Dec. 31, 2010	/	510	6 346	377	7 234

No intangible fixed assets were generated internally.

Note 1.3 - Breakdown of other changes in other intangible fixed assets

NET VALUE (IN THOUSANDS OF EUROS)	DEVELOPMENT COSTS	SOFTWARE, PATENTS	OTHER INTANGIBLE FIXED ASSETS	PREPAYMENTS ON INTANGIBLE FIXED ASSETS	TOTAL
At December 31, 2009					
Business combinations	/	/	/	/	/
Translation differences	/	/	/	/	/
Other changes	5	381	(4)	(358)	24
TOTAL	**5**	**381**	**(4)**	**(358)**	**24**
At December 31, 2010					
Business combinations	/	/	/	/	/
Translation differences	(1)	/	/	/	(1)
Other changes	(5)	1	3 756	/	3 752
TOTAL	**(6)**	**1**	**3 756**	**/**	**3 751**

The other movements consist principally of the activation of a quarrying and earthworks contract, henceforth considered as an exploitation right.

2 Financial data

Note 2 - Property, plant and equipment

Note 2.1 - Table of changes in property, plant and equipment

(IN THOUSANDS OF EUROS)	LAND	PROPERTY	TECHNICAL FACILITIES
GROSS VALUE			
At December 31, 2008	23 995	142 729	254 818
Increases (investments)	60	1 860	4 565
Disposals (sale or scrap)	(107)	(487)	(6 858)
Other changes	486	(52 574)	18 867
At December 31, 2009	24 434	91 528	271 392
Increases (investments)	497	2 078	7 055
Disposals (sale or scrap)	(932)	(143)	(1 205)
Other changes	(546)	67 575	6 362
At December 31, 2010	23 453	161 038	283 604
AMORTIZATION			
At December 31, 2008	(3 310)	(106 042)	(210 331)
Allocations	(222)	(3 907)	(13 274)
Write-backs	79	337	6 665
Other changes	/	43 489	(477)
At December 31, 2009	(3 453)	(66 123)	(217 417)
Allocations	(195)	(10 810)	(12 042)
Write-backs	267	142	1 038
Other changes	/	(49 178)	(777)
At December 31, 2010	(3 381)	(125 969)	(229 198)
IMPAIRMENT			
At December 31, 2008	(299)	/	(174)
Allocations	/	/	/
Write-backs	/	/	/
Other changes	/	/	/
At December 31, 2009	(299)	/	(174)
Allocations	/	/	/
Write-backs	/	/	/
Other changes	/	/	/
At December 31, 2010	(299)	/	(174)
NET VALUE			
At December 31, 2008	20 386	36 687	44 313
Increases (investments)	(162)	(2 047)	(8 709)
Disposals (sale or scrap)	(28)	(150)	(193)
Other changes	486	(9 085)	18 390
At December 31, 2009	20 682	25 405	53 800
Increases (investments)	302	(8 732)	(4 987)
Disposals (sale or scrap)	(665)	(1)	(167)
Other changes	(546)	18 397	5 585
At December 31, 2010	19 773	35 069	54 232

TRANSPORTATION EQUIPMENT	FIXTURES AND FITTINGS	OFFICE EQUIPMENT AND FURNITURE	CONSTRUCTION IN PROGRESS	FIXED ASSETS UNDER FINANCIAL LEASES	TOTAL
13 999	33 206	6 004	31 127	49 151	555 029
1 380	2 975	358	8 881	263	**20 342**
(834)	(343)	(234)	(63)	(284)	**(9 210)**
471	63 439	(6)	(29 931)	(1 066)	**(314)**
15 016	99 277	6 122	10 014	48 064	565 847
2 245	1 485	922	18 529	140	**32 951**
(1 394)	(319)	(92)	(1 112)	(356)	**(5 553)**
130	(58 163)	32	(15 560)	(1 189)	**(1 359)**
15 997	42 280	6 984	11 871	46 659	**591 886**
(10 002)	(21 500)	(4 933)	/	(30 082)	(386 200)
(1 826)	(8 125)	(696)	/	(3 261)	**(31 311)**
660	325	220	/	224	**8 510**
(457)	(43 633)	13	/	1 069	4
(11 625)	(72 933)	(5 396)	/	(32 050)	(408 997)
(1 870)	(2 723)	(401)	/	(2 670)	**(30 711)**
1 239	293	90	/	345	**3 414**
(10)	49 200	(3)	/	988	240
(12 266)	(26 143)	(5 710)	/	(33 387)	**(436 054)**
/	/	/	(1 137)	/	(1 610)
/	/		(246)	/	(246)
/	/	/	/	/	**/**
/	/	/	/	/	**/**
/	/	/	(1 383)	/	(1 856)
/	/	/	/	/	**/**
/	/	/	/	/	**/**
/	/	/	1 038	/	**1 038**
/	/	/	(345)	/	**(818)**
3 997	11 706	1 071	29 990	19 069	167 219
(446)	(5 150)	(338)	8 635	(2 998)	**(11 215)**
(174)	(18)	(14)	(63)	(60)	**(700)**
14	19 806	7	(29 931)	2	**(310)**
3 391	26 343	725	8 631	16 017	154 994
375	(1 238)	521	18 529	(2 530)	**2 240**
(155)	(26)	(2)	(1 112)	(11)	**(2 139)**
120	(8 943)	29	(14 522)	(201)	**(81)**
3 731	16 137	1 274	11 526	13 272	**155 014**

Note 2.2 - Breakdown of other changes

NET VALUE (IN THOUSANDS OF EUROS)	LAND	PROPERTY	TECHNICAL FACILITIES
IN 2009			
Business combinations	/	/	/
Translation differences	2	(39)	(14)
Other changes	484	(9 046)	18 404
TOTAL	**486**	**(9 085)**	**18 390**
IN 2010			
Business combinations	/	/	/
Translation differences	32	(12)	/
Other changes	(578)	18 409	5 585
TOTAL	**(546)**	**18 397**	**5 585**

Most of the other changes corresponded to the implementation of new assets, and the rest to reclassifications within the financial statements.

Note 3 - Investments in affiliates

Note 3.1 - Summary of investments in affiliates

The investments in affiliates held by the Group are as follows:

(IN THOUSANDS OF EUROS)	% HELD BY GROUP	AMOUNT OF SHAREHOLDERS' EQUITY	LATEST PROFIT OR LOSS	NET BOOK VALUE OF INVESTMENTS
COMPANIES TRADING				
• HIME (*)	33%	65 679	(58 083)	33 650
• La Barre Thomas	40%	(143)	(16)	/
• Altergies	19.91%	373	(227)	257
• SCI Noiseraie	20%	97	88	19
TOTAL				**33 926**

(*) HIME was set up on March 29, 2007. On April 26, 2007, HIME acquired 100% of Novasaur, the holding company of Saur Group. The equity investment in HIME includes goodwill of EUR 12 million, corresponding to acquisition costs, net of tax effect. This effect is offset by the recognition of an equivalent deferred tax asset.

TRANSPORTATION EQUIPMENT	FIXTURES AND FITTINGS	OFFICE EQUIPMENT AND FURNITURE	CONSTRUCTION IN PROGRESS	FIXED ASSETS UNDER FINANCIAL LEASES	TOTAL
/	/	/	/	/	/
/	/	/	19	/	(32)
14	19 806	7	(29 950)	2	(279)
14	19 806	7	(29 931)	2	(310)
/	/	/	/	/	/
6	/	32	(46)	/	12
114	(8 943)	(3)	(14 076)	/	(93)
120	(8 943)	29	(14 522)	(201)	(81)

Note 3.2 - Changes to investments in affiliates

The changes in investments in affiliates held by the Group break down as follows:

(IN THOUSANDS OF EUROS)	VALUE AT DEC. 31, 2008	VALUE AT DEC. 31, 2009	INCOME	CHANGE IN FAIR VALUE THROUGH EQUITY	GOODWILL	CHANGE IN CONSOLIDATION SCOPE	OTHER CHANGES	VALUE AT DEC. 31, 2010
• HIME	89 516	60 815	(19 167)	(7 822)	(167)	(7)	(2)	33 650
• La Barre Thomas	(26)	/	(6)	/	/	/	6	/
• Altergies	/	302	(45)	/	/	/	/	257
• SCI Noiseraie	1	2	18	/	/	/	(1)	19
TOTAL	89 491	61 119	(19 200)	(7 822)	(167)	(7)	3	33 926

The change in fair value of the equity of HIME corresponds to the change in the fair value of cash flow hedging instruments.

Note 3.3 - Financial information on affiliates

A summary of financial information on affiliates is provided below:

(IN THOUSANDS OF EUROS)	HIME	LA BARRE THOMAS	ALTERGIES	SCI NOISERAIE
Date of most recent financial information known				
	DEC. 31, 2010	DEC. 31, 2010	DEC. 31, 2010	DEC. 31, 2010
% held	33%	40%	19.91%	20%
• Non-current assets	3 057 132	37	116	1 520
• Current assets	1 163 899	754	803	189
• Non-current liabilities	2 770 278	/	/	1 393
• Current liabilities	1 378 200	934	546	219
• Revenues	1 557 040	3 060	86	410
• EBITDA	186 990	22	(226)	341
• Current operating income	65 108	(17)	(226)	202
• Operating income	63 315	(17)	(226)	202
• Net income	(58 083)	(16)	(227)	88

Note 3.4 - Transactions with affiliates

The Group did not carry out any significant transactions with La Barre Thomas or SCI Noiseraie.

The significant transactions between Séché Group and HIME were as follows:

HIME Convertible bonds

The Group subscribed to 33% of the issue by HIME of bonds convertible into shares, representing an initial investment of EUR 147.4 million. The characteristics of these bonds are detailed in paragraph 12.3 of the accounting principles and methods section in the present notes.

In conformity with IAS 39, these bonds break down into:

- on the one hand, pure convertible bonds bearing a nominal interest rate of 9.89%. Interest accrued but not paid by April 30 of each year is capitalized;
- on the other, the value of the incorporated derivative component corresponding to the conversion option, booked under "investments in affiliates" in accordance with the underlying nature of the instrument.

As of December 31, 2010, no conversion rights have been exercised. Interest accrued at April 30, 2010 was capitalized.

In 2010, the payment by HIME of interest of EUR 5.5 million led to recognition of financial income of EUR 1.1 million corresponding to the accretion effect of the interest concerned.

The interest booked by the Group for fiscal year 2010, including the accretion income, amounted to EUR 14.4 million.

	2008			2009			2010		
(IN THOUSANDS OF EUROS)	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
"Bond" portion (principal)	106 298	/	**106 298**	106 298	/	**106 298**	106 298	/	**106 298**
"Bond" portion (capitalized interest)	10 831	/	**10 831**	18 614	/	**18 614**	25 520	/	**25 520**
"Bond" portion (interest)	7 882	/	**7 882**	8 291		**8 290**	10 361	/	**10 361**
TOTAL "bond" portion (AFS)	125 011	/	125 011	133 202	/	133 202	142 179	/	142 179
Pure "derivative" portion	41 133	/	**41 133**	41 070	/	**41 070**	41 070	/	**41 070**
Tax effect	(13 993)	/	**(13 993)**	(14 140)	/	**(14 140)**	(14 140)	/	**(14 140)**
TOTAL "derivative" portion (PEA)	27 140	/	27 140	26 930	/	26 930	26 930	/	26 930
TOTAL	**152 151**		**152 151**	**160 132**		**160 132**	**169 109**		**169 109**

Note 4 - Financial instruments

(IN THOUSANDS OF EUROS)	2009 NC	2009 C	2009 TOTAL	2010 NC	2010 C	2010 TOTAL
Available-for-sale financial instruments	135 811	/	**135 811**	144 613	/	**144 613**
Financial loans and receivables at amortized cost	2 080	124	**2 204**	2 737	88	**2 825**
Non-current financial assets	137 891	124	138 015	147 350	88	147 438
Trade and other receivables	/	106 319	**106 319**	1 759	112 665	**114 424**
Other current assets (incl. corporation tax receivables)	/	22 194	**22 194**	/	12 372	**12 372**
Loans and receivables at amortized cost	/	128 513	128 513	1 759	125 037	126 796
Hedging instruments - assets	/	/	/	/	/	/
Other instruments at fair value by the income statement	/	/	/	/	/	/
Financial assets at fair value by the income statement	/	/	/	/	/	/
Cash and cash equivalents	/	19 108	**19 108**	/	43 431	**43 431**
TOTAL FINANCIAL ASSETS	**137 891**	**147 745**	**285 636**	**149 109**	**168 556**	**317 665**
Financial debts	233 151	31 195	**264 346**	193 716	44 648	**238 364**
Hedging instruments - liabilities	3 561	1 690	**5 251**	1 984	609	**2 593**
Other liabilities	238	100 686	**100 924**	1 350	118 971	**120 321**
TOTAL FINANCIAL LIABILITIES	**236 950**	**129 390**	**370 521**	**197 050**	**164 228**	**361 278**

Note 4.1 - Financial assets

Note 4.1.1 - Available-for-sale financial assets

Available-for-sale financial assets consist of:

- the “bond” portion of the HIME convertible bonds;
- equity investments in non-consolidated companies, taking account of an ongoing liquidation process;
- non-transferable securities (mainly the Group’s investment in the Emertec funds)

Their net value breaks down as follows:

(IN THOUSANDS OF EUROS) (NET VALUE)	DEC. 31, 2008	DEC. 31, 2009	CHANGE IN FAIR VALUE THROUGH EQUITY	ACQUISITIONS	OTHER CHANGES	DISPOSALS/ LIQUIDATION	DEC. 31, 2010
• Bonds (principal + capitalized interest)	117 129	124 912	/	/	12 351	(5 445)	**131 818**
• Bonds (non-capitalized interest)	7 881	8 291	/	14 421	(12 351)	/	**10 361**
TOTAL “bonds” portion	125 010	133 203	/	14 421	/	(5 445)	142 179
• ÉcoTredi	/	/	/	/	/	/	/
• Sofred	/	/	/	/	/	/	/
• BEFS-PEC	/	/	/	/	/	/	/
• Tredi New Zealand	/	/	/	/	/	/	/
• Tredi Amériques	/	/	/	/	/	/	/
• Other	3	/	/	/	/	/	/
TOTAL non-consolidated investments	3	/	/	/	/	/	/
• Emertec	2 724	2 449	(141)	/	/	/	**2 308**
• Other investments	131	159	/	/	/	(33)	**126**
TOTAL other investments	2 855	2 608	(141)	/	/	(33)	2 434
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**127 869**	**135 811**	**(141)**	**14 421**	**/**	**(5 478)**	**144 613**

Note 4.1.2 - Loans and receivables at amortized cost

Loans and receivables consist of:

- financial loans, deposits and bonds of indemnity of a financial nature received, booked in financial assets (current and non-current);
- trade receivables and other debtors;
- other current and non-current assets.

	2008			2009			2010		
(IN THOUSANDS OF EUROS)	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Deposits and bonds of indemnity	923	33	**956**	918	24	**942**	1 505	/	**1 505**
Loans	1 113	61	**1 174**	1 162	100	**1 262**	1 232	88	**1 320**
Financial loans and receivables	2 036	94	2 130	2 080	124	2 204	2 737	88	2 825
Trade receivables and other debtors		120 642	120 642	/	106 319	106 319	1 759	112 665	114 424
State		13 519	**13 519**		16 220	**16 220**		9 899	**9 899**
Tax receivables		578	**578**		3 551	**3 551**		/	**/**
Prepaid accounts		1 218	**1 218**		503	**503**		1 302	**1 302**
Social security receivables		176	**176**		172	**172**		158	**158**
Receivables from disposal of fixed assets		26	**26**		672	**672**		5	**5**
Other debts	1 462	1 615	**3 077**		956	**956**		882	**882**
Current accounts receivable		119	**119**		119	**119**		126	**126**
OTHER CURRENT ASSETS	1 462	17 251	18 713	/	22 194	22 194	/	12 372	12 372
Operational loans and receivables	1 462	137 893	139 355	/	128 513	128 513	1 759	125 037	126 796
LOANS AND RECEIVABLES AT AMORTIZED COST	**3 498**	**137 987**	**141 485**	**2 080**	**128 637**	**130 717**	**4 496**	**125 125**	**129 621**

Depreciation and impairment on loans and receivables at amortized cost break down as follows:

	2008			2009			2010		
(IN THOUSANDS OF EUROS)	GROSS	DEP. OR IMP.	NET	GROSS	DEP. OR IMP	NET	GROSS	DEP/ OR IMP.	NET
Loans and financial receivables	2 130		**2 130**	2 204		**2 204**	2 825		**2 825**
Trade receivables and other debtors	123 509	(2 867)	**120 642**	109 612	(3 294)	**106 319**	117 881	(3 457)	**114 424**
Other assets	19 907	(1 194)	**18 713**	24 085	(1 891)	**22 194**	13 174	(802)	**12 372**
LOANS AND RECEIVABLES AT AMORTIZED COST	**145 546**	**(4 061)**	**141 485**	**135 901**	**(5 185)**	**130 717**	**133 880**	**(4 259)**	**129 621**

Note 4.1.3 - Financial assets at fair value by the income statement

	2008			2009			2010		
(IN THOUSANDS OF EUROS)	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Hedging instruments	/	149	/	/	/	/	/	/	/
Call options for 18%	/	/	/	/	/	/	/	/	/
FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT	**/**	**149**	**/**	**/**	**/**	**/**	**/**	**/**	**/**

Hedging instrument

Hedging instruments were put in place by the Group as part of its policy for managing the interest rate risk, and are analysed in note 4.3.

Call option for 18%

A call option was granted by Caisse des Dépôts to Séché Environnement in 2008 for 18% of HIME's share capital. This call option may be exercised between May 27, 2008 and May 26, 2012.

If the call option is so exercised, the price paid by Séché Environnement will be the higher of the following two values: EUR 100 million plus an amount sufficient to provide FSI with a return of 8%, and a market valuation defined by an expert.

This call option was recorded in the financial statements at its fair value, i.e. purchase cost, as it was a transaction between independent and informed parties for which the underlying element (shares of an unlisted company) had been the subject of a recent transaction about which the parties were fully informed.

In accordance with IAS 39, any changes in the fair value of the call option will be booked in the income statement.

At December 31, no change in fair value had been recorded.

Note 4.1.4 - Cash and cash equivalents

(IN THOUSANDS OF EUROS)	2008	2009	2010
Mutual funds	1 650	9 733	36 771
Cash	7 081	9 375	6 660
TOTAL	**8 731**	**19 108**	**43 431**

Income from the sale of mutual funds came out at EUR 0.3 million and was booked in the income statement under income from cash and cash equivalents.

Note 4.2 - Financial liabilities

Note 4.2.1 - Financial debts

CHANGES IN DEBT

(IN THOUSANDS OF EUROS)	AT DEC. 31, 2008			AT DEC. 31, 2009			AT DEC. 31, 2010		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Financial debt liabilities	226 822	12 875	**239 697**	212 583	26 952	**239 535**	176 794	40 232	**217 026**
Effective interest rate impact	(1 042)	(487)	**(1 529)**	(759)	(569)	**(1 327)**	(168)	(524)	**(692)**
Borrowings/bank loans	225 780	12 388	**238 168**	211 824	26 383	**238 208**	176 626	39 708	**216 334**
Financial leases	24 435	4 360	**28 795**	20 273	4 292	**24 565**	16 033	4 339	**20 372**
Other financial debt	1 040	83	**1 123**	1 053	34	**1 087**	1 057	19	**1 076**
Short-term bank borrowing	/	10 563	**10 563**	/	486	**486**	/	582	**582**
TOTAL	**251 254**	**27 394**	**278 648**	**233 151**	**31 195**	**264 346**	**193 716**	**44 648**	**238 364**

Changes in debt over the year can be analysed as follows:

(IN THOUSANDS OF EUROS)	DEC. 31, 2008	DEC. 31, 2009	INCREASE	REPAYMENT	CHANGE IN SCOPE	AMORTIZED COST	GOOD-WILL	OTHER CHANGES	DEC. 31, 2010
Bank loans	238 168	238 208	4 534	(27 045)		636		2	216 334
Financial leases	28 795	24 565	140	(4 305)	(12)			(16)	20 372
Other financial debt	1 123	1 087	963	(960)	(14)				1 076
Short-term bank borrowing	10 563	486	96						582
TOTAL	**278 648**	**264 346**	**5 733**	**(32 310)**	**(26)**	**636**		**(14)**	**238 364**

2 Financial data

DEBT TABLE

At December 31, 2010, Group net financial debt broke down as follows:

(IN THOUSANDS OF EUROS)	TYPE OF RATE (BEFORE HEDGING)		AMOUNT	MATURITY	HEDGING
Other bank loans	Variable		37 911	less than one year	Debt contracted at a variable interest rate Interest rate hedge of EUR 200 M
			166 118	from 1 to 5 years	
			1 235	more than 5 years	
	Fixed	between 0% and 4%	1 797	less than one year	/
			7 943	from 1 to 5 years	/
			1 330	more than 5 years	/
	TOTAL		**216 334**		
Financial leases	Variable		3 568	less than one year	Interest rate hedge of EUR 13.7 M
			12 178	from 1 to 5 years	
			1 822	more than 5 years	
	Fixed	between 4% and 13%	771	less than one year	/
			1 985	from 1 to 5 years	/
			48	more than 5 years	/
	TOTAL		**20 372**		
Other miscellaneous financial debt	Variable		/	less than one year	/
			782	from 1 to 5 years	/
			/	more than 5 years	/
	Fixed		19	less than one year	/
			85	from 1 to 5 years	/
			190	more than 5 years	/
	TOTAL		**1 076**		
Short-term bank borrowings	Variable		582	less than one year	/
	TOTAL		**238 364**		
of which current			44 648	less than one year	/
of which non-current			193 716	more than 1 year	/

FINANCIAL LEASE AGREEMENTS

(IN THOUSANDS OF EUROS)	NET BOOK VALUE	TOTAL MINIMUM FUTURE PAYMENTS				TOTAL SUB-LEASE PAYMENTS
	DEC. 31, 2010	TOTAL	< 1 YEAR	1 – 5 YRS	> 5 YEARS	
Land	/	/	/	/	/	/
Buildings	10 357	13 612	2 775	8 952	1 885	/
Technical facilities, equipment and industrial plant	1 650	5 649	1 363	4 237	49	/
Transport equipment	/	93	32	61	/	/
Fixtures and fittings	1 266	2 867	665	2 202	/	/
Office equipment and furniture	/	/	/	/	/	/

(IN THOUSANDS OF EUROS)	NET BOOK VALUE	TOTAL RESTATED MINIMUM FUTURE PAYMENTS				TOTAL RESTATED SUB-LEASE PAYMENTS
	DEC. 31, 2010	TOTAL	< 1 YEAR	1 – 5 YRS	> 5 YEARS	
Land	/	/	/	/	/	/
Buildings	10 357	12 311	2 691	8 140	1 480	/
Technical facilities, equipment and industrial plant	1 650	5 226	1 322	3 864	41	/
Transport equipment	/	87	31	57	/	/
Fixtures and fittings	1 266	2 650	645	2 005	/	/
Office equipment and furniture	/	/	/	/	/	/

Most of the Group's financial lease agreements are lease-financing agreements with option to purchase. 86% of the agreements (as a percentage of the associated debt) are at variable interest rates (before factoring in any interest rate hedges), primarily indexed on the 3-month Euribor.

Note 4.2.2 - Financial liabilities at fair value by the income statement

Financial liabilities at fair value by the income statement correspond to the derivative instruments used for hedging put in place by the Group in the framework of its management of the interest rate risk. They are analysed in note 4.3.

Note 4.2.3 - Other liabilities at amortized cost

	2008			2009			2010		
(IN THOUSANDS OF EUROS)	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Trade payables		58 347	**58 347**		42 367	**42 367**		47 716	**47 716**
Debts on acquisition of fixed assets	256	19 310	**19 566**	238	8 150	**8 387**	1 350	13 583	**14 933**
Advance payments received		2 828	**2 828**		2 277	**2 277**		2 448	**2 448**
Social security and related payments		17 510	**17 510**		17 658	**17 658**		20 123	**20 123**
State (excluding corporation tax)		23 747	**23 747**		21 624	**21 624**		24 536	**24 536**
Corporation tax		447	**447**		596	**596**		4 610	**4 610**
Current account credit balances		1 122	**1 122**		1 116	**1 116**		167	**167**
Other debts		783	**783**		765	**765**		892	**892**
Deferred income		3 688	**3 688**		6 133	**6 133**		4 896	**4 896**
OTHER LIABILITIES	**256**	**127 782**	**128 038**	**238**	**100 686**	**100 924**	**1 350**	**118 971**	**120 321**

Note 4.3 - Financial hedging instruments

	2008			2009			2010		
(IN THOUSANDS OF EUROS)	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Hedging instruments - assets	149	/	**149**	/	/	**/**	/	/	**/**
Hedging instruments - liabilities	4 617	341	**4 958**	3 561	1 690	**5 251**	1 984	609	**2 593**

The financial instruments used by the Group are for hedging cash flow related to its financing. These instruments, which are traded on organized markets, are managed by the Group's Finance Department.

(IN THOUSANDS OF EUROS)	2008		2009		2010	
	NOMINAL TRANSACTION	FAIR VALUE	NOMINAL TRANSACTION	FAIR VALUE	NOMINAL TRANSACTION	FAIR VALUE
Swaps	66 690	(2 355)	88 167	(2 311)	121 609	(1 271)
Collars/tunnels	71 690	(2 040)	80 667	(2 355)	67 109	(794)
Hybrid instruments	105 500	(563)	87 500	(585)	25 000	(528)
TOTAL	**243 880**	**(4 958)**	**256 334**	**(5 251)**	**213 717**	**(2 593)**

At December 31, 2010, the maturity of the cash flow hedging instruments was as follows:

	LESS THAN ONE YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Swaps	33 595	88 014	/	**121 609**
Collars/tunnels	16 095	51 014	/	**67 109**
Hybrid instruments	10 000	15 000	/	**25 000**
TOTAL	**59 689**	**154 029**	**/**	**213 717**

The gains and losses booked in equity over the period amounted to EUR 2.7 million, and the cumulative total at December 31, 2010 of gains and losses booked in equity amounted to EUR – 2.0 million. The ineffective portion of this hedging booked as income in 2010 was not significant.

No part of the shareholders' equity was recycled and booked in income for the period.

Note 5 - Current and non-current provisions

Note 5.1 - Change in current and non-current provisions

(IN THOUSANDS OF EUROS)	2008	2009	OTHER CHANGES	ALLO-CATION	WRITE-BACKS USED	WRITE-BACKS UNUSED	2010
Employee benefits (*)	99	134	10	45	(20)	/	169
Other non-current provisions (**)	3 623	3 549	(1)	393	(1 061)	(228)	2652
NON-CURRENT PROVISIONS	3 722	3 683	9	438	(1 081)	(228)	2 821
Provision for litigation	245	565	/	854	(193)	(189)	1 037
Provision for BEFS (sub-contractor)	333	50	1	611	/	/	662
Provisions for other risks	3 676	2 391	6	/	/	(369)	2 028
Provision for waste to be treated	128	168	(1)	74	(89)	/	152
Provisions for site rehabilitation	7 600	8 360	(9)	788	(321)	(22)	8 796
Provisions for other costs	1 619	1 990	(2)	3 438	(11)	(106)	5 310
CURRENT PROVISIONS	13 601	13 524	(5)	5 765	(614)	(686)	17 984
TOTAL	**17 322**	**17 207**	**4**	**6 203**	**(1 695)**	**(914)**	**20 805**

(*) Provisions for end-of-career payment commitments are calculated according to the method prescribed in the accounting principles and methods section of this report.

(**) Provision for 30-year monitoring period.

Note 5.2.2 - Breakdown of other changes

(IN THOUSANDS OF EUROS)	BUSINESS COMBINATIONS	FOREIGN CURRENCY TRANSLATION DIFFERENCES	OTHER CHANGES	TOTAL
Employee benefits	/	/	9	9
Other non-current provisions	/	/	/	/
NON-CURRENT PROVISIONS	/	/	9	9
Provision for litigation	/	/	/	/
Provision for BEFS (sub-contractors)	/	/	/	/
Provisions for other risks	/	/	6	6
Provision for waste to be treated	/	/	/	/
Provisions for site rehabilitation	/	(9)	/	(9)
Provisions for other costs	/	/	/	/
CURRENT PROVISIONS	/	(9)	6	(3)
TOTAL	**/**	**(9)**	**15**	**6**

Note 5.3 - Post-employment benefits – end-of-career payment commitments

The only post-employment benefit offered to Group employees consists of end-of-career payments for retiring employees.

The provision for end-of-career payment commitments applies to subsidiaries whose end-of-career payment management is not covered by an insurance company. Only Gerep, Sogad and Sem Tredi were concerned by this as at December 31, 2010.

When Sénerval began operations, since it took over a number of employees from the preceding operator, it also took over commitments in respect of the length of service of those same employees, in the amount of EUR 450 000. The Group recorded an asset of EUR 450 000 in respect of the commitments taken over, which was booked in prepaid deferred income. This asset will be amortized over 18 years from July 1, 2010, i.e. the average time remaining until the employees taken over reach retirement age.

The Group's commitment (under all forms of management) changed as follows:

(IN THOUSANDS OF EUROS)	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010
AMOUNT OF COMMITMENT AT BEGINNING OF YEAR	2 833	2 411	3 273
Cost of services rendered during the year	212	175	232
Interest credited over the year	130	158	161
Services paid over the year	(280)	(215)	(51)
Outsourcing	/	/	458
Actuarial gain (loss)	(484)	744	772
Other (translation differences)	/	/	(7)
AMOUNT OF COMMITMENT AT END OF YEAR	2 411	3 273	4 838

Changes in the fair value of funds invested to hedge the position are as follows:

(IN THOUSANDS OF EUROS)	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010
FAIR VALUE OF ASSETS HEDGED AT BEGINNING OF YEAR	3 436	2 707	3 143
Subscriptions paid	47	397	1 650
Services paid	(280)	(215)	(12)
Expected return on investments	124	110	126
Management fees	(16)	(12)	(14)
Actuarial gain (loss)	(604)	155	(186)
FAIR VALUE OF ASSETS HEDGED AT END OF YEAR	2 707	3 143	4 707

Hedging assets break down as follows:

(IN THOUSANDS OF EUROS)	DEC. 31, 2009	DEC. 31, 2010
Diversified investments	76%	50%
Monetary investments	24%	50%

Note 5.4 - Disputes and exceptional events

BEFS-PEC

Following the completion of the Salaise 3 site, a project undertaken by BEFS-PEC for Tredi in 1999, Tredi SA received various payment requests from subcontractors that had not been paid by BEFS-PEC, in accordance with Article 12 of the Law of December 31, 1975 on subcontracting. Tredi SA booked a provision to its financial statements for the entire sum claimed in connection with this dispute. As of December 31, 2010, the residual provision concerning this affair amounts to EUR 0.6 million.

VALLS QUIMICA

Valls Quimica, a Spanish subsidiary of the Group, was audited in 2003 by the tax authorities, who then claimed a principal amount of EUR 3.8 million (for the period 1999 to 2001) and EUR 1.8 million (for the period from 2002 to 2003) in respect of back VAT payments and indirect duties alleged to be due concerning the production of certain petroleum products.

- Valls Quimica contested the claim pertaining to 1999-2001 before the Spanish administrative court and obtained a payment deferral. However, in 2007 the court ruled on the suspensive nature of the decision and on the absence of a need to constitute guarantees. This case, heard before the Catalonia administrative court, was dismissed by that court in September 2008. The company lodged an appeal with the national administrative court in Madrid in October 2008, together with a request to suspend payment. That court judged that it was obligatory for the company to provide guarantees covering 100% of the amount claimed. Valls Quimica therefore provided the guarantees demanded. The legal process is continuing.

- concerning the period 2002-2003, a ruling was obtained on December 22, 2007 to the effect that no payments were due.

Valls Quimica, the Group and its advisors believe they have strong evidence to support their claim. The Group has therefore not provisioned this tax litigation in its accounts. Furthermore, the Group may be able to deduct the notified amounts in the event it loses the case, which would reduce the risk by one-third.

There are no other government, legal or arbitration procedures, including any procedures of which the Company is aware, which are pending or threatened, and/or likely to have or, during the last twelve months, have had significant impacts on the financial situation or the profitability of the Company and/or the Group.

Note 6 - Deferred taxes

The analysis of deferred taxes by type is as follows:

(IN THOUSANDS OF EUROS)	2008	2009	2010
Employee profit-sharing	700	582	902
Social solidarity contribution	241	238	250
Paid leave	665	608	609
Tax loss carry-forwards	3 863	2 970	1 575
Deferred depreciation and regulatory provisions	(3 438)	(6 679)	(7 293)
Financial leases	3 107	2 678	2 119
Intra-group capital gains	234	205	284
Deferred expenses	(249)	(70)	(51)
Intra-Group provisions	(2 917)	(158)	/
Provision for end-of-career payment commitments	33	45	36
Restated provision for thirty-year monitoring	(848)	(832)	(1 193)
Harmonization of depreciation	713	667	613
Securities acquisition costs	4 156	2 905	1 653
Restatement of convertible bonds	14 895	14 959	14 944
Financial instruments	1 363	1 731	2 630
TOTAL	**22 518**	**19 849**	**17 078**
of which deferred tax assets	*22 574*	*19 877*	*17 110*
of which deferred tax liabilities	*57*	*28*	*32*

Tax loss carry-forwards correspond to deficits that arose before fiscal consolidation (deficits that arose during the consolidation are analysed globally at the consolidation level, and are fully included in this consolidation).

Their capitalization is decided on a subsidiary-by-subsidiary basis according to their business plans. In general, tax losses incurred by foreign subsidiaries are not carried forward.

At December 31, 2010, the amount of deferred tax assets not carried forward relative to qualifying deficits was EUR 1 million.

Changes in deferred tax assets over the fiscal year can be analysed as follows:

(IN THOUSANDS OF EUROS)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET
BALANCE AT DECEMBER 31, 2008	**22 575**	**57**	**22 518**
Income		2 978	(2978)
Change in fair value by shareholders' equity	168		168
Change in consolidation scope and other changes	41	(100)	141
Foreign currency differences			
Compensation of deferred taxes among subsidiaries in the fiscal consolidation scope	(153)	(153)	/
Compensation of deferred tax assets/deferred tax liabilities	(2 754)	(2 754)	/
BALANCE AT DECEMBER 31, 2009	**19 877**	**28**	**19 849**
Income		1 938	(1 938)
Change in fair value by shareholders' equity	4	837	(833)
Change in consolidation scope and other changes			
Foreign currency differences			
Compensation of deferred taxes among subsidiaries in the fiscal consolidation scope	(246)	(246)	/
Compensation of deferred tax assets/deferred tax liabilities	(2 525)	(2 525)	/
BALANCE AT DECEMBER 31, 2010	**17 110**	**32**	**17 078**

Note 7 - Off-balance sheet commitments

Note 7.1 - Off-balance sheet commitments arising from normal operations

(IN THOUSANDS OF EUROS)	2008	2009	2010
Loans ceded before maturity (bills, Daily Act)	**/**	**/**	**/**
Sureties	**28 530**	**32 993**	**37 055**
• Financial guarantees (*)	21 989	21 601	21 601
• Other guarantees	6 541	11 392	15 454
Secured guarantees	**/**	**/**	**/**
• Tangible and intangible assets pledged as collateral	/	/	/
• Securities pledged as collateral	/	/	/
Arising from partner's responsibilities in property companies	**/**	**/**	**/**
TOTAL OFF-BALANCE SHEET COMMITMENTS RELATED TO NORMAL OPERATIONS	**28 530**	**32 993**	**37 055**

(*) This concerns a EUR 21.6 million surety granted to a financial institution during the setting up of financial guarantees extended by it under the Ministerial Order of February 1, 1996.

Note 7.2 - Off-balance sheet commitments given or received in connection with Group debt

(In thousands of euros)	2008	2009	2010
Business loans ceded	**89**	**1 086**	**953**
Sureties and letters of intent	**2 309**	**3 640**	**4 380**
Secured guarantees	**1 535**	**11 021**	**9 436**
• Tangible and intangible assets pledged as guarantees and collateral	11 021	1 535	9 436
• Securities pledged as guarantees and collateral	/	/	/
• Mortgages	/	/	/
Borrowing commitments received	**12 018**	**3 900**	**5 000**
TOTAL OFF-BALANCE SHEET COMMITMENTS RELATED TO DEBT	**15 951**	**19 646**	**19 769**

As part of its asset financing, the company signed commitments not to sell its shareholdings in Sénergies, Séché-Eco-Industries and Mézerolles.

All the above-mentioned off-balance sheet commitments cover balance sheet debt, with the exception of a EUR 0.8 million guarantee.

Note 7.3 - Off-balance sheet commitments related to the Group's financial investments

Pôle Cintec

Séché Environnement sold its stake in Pôle Cintec by virtue of a draft disposal agreement dated March 31, 2004. This sale was accomplished with a vendor financing package initially bearing 8% interest and henceforth 13% (excluding tax).

Repayment was initially scheduled over a maximum of five years. The sale included a cancellation clause in the event that the seller failed to fulfil the payment terms. An amendment to the 2007 payment schedule was signed, whereby a portion of the repayment (USD 1.3 million) would be made in one lump sum at maturity, at the beginning of 2012.

Given the difficulties experienced in recovering the sums due under the payment schedule, and in the framework of an overall plan to withdraw from this area of business, Tredi Amériques sold its debt to a bank for USD 470 000, or 10% of its residual value in the accounts.

Asset and liability guarantees

As part of the Group’s programme to sell off non-core activities (begun in 2003 and continued into 2004 and 2005), the Group issued liability guarantees primarily covering accounting, labour and legal matters. At June 30, 2010, these guarantees had expired, with the exception of specific guarantees covering litigation existing at the date of sale, which will not expire until the end of said litigation.
At December 31, 2010, all sums claimed by the parties under these liability guaranties had been provisioned in the Group’s accounts.

Note 7-4 - Other off-balance sheet commitments

A shareholders' agreement was signed on October 16, 2006 (bearing the AMF registration number 206C1928) containing the following main provisions:

• representation of FSI (Fonds Stratégique d'Investissement, replacing Caisse des Dépôts et Consignations) on the Board of Directors of Séché Environnement: FSI is entitled to appoint several members to the Board of Directors of Séché Environnement, commensurate with its equity stake in the Group.

• management of the stakes of members of the shareholder agreement:

- shareholder agreement members agree not to acquire, directly or indirectly, any securities issued by Séché Environnement if such acquisition would lead to one of them making a public offer for Séché Environnement shares;

- in the event of any transfer of Séché Environnement shares by Joël Séché, Amarosa and/or their free transferees to a third party, as long as they together hold less than 50.1% of the company voting rights, FSI shall have the option of selling its own shares to this third party at the same price and in the same proportions;

- FSI has the option of subscribing to any issue of Séché Environnement securities, commensurate with its share of the equity, with the exception of securities issued to pay a third party for a non-Group acquisition, and which would have the effect of diluting all shareholders' holdings in the same proportions;

- co-investment rules: as long as FSI holds at least 15% of the equity of Séché Environnement, it is entitled to take part as a co-investor in any expansion project above a certain threshold amount.

The shareholders' agreement further states that it will be cancelled without penalty if at any time:

• FSI holds less than 10% of the capital in the company;

• the balance of the respective stakes of FSI, on the one hand, and Joël Séché and Amarosa on the other hand, are modified in such a way as to oblige the parties to make a public offer for all the shares.

A codicil to the shareholders' agreement dated April 25, 2007 stipulates that the agreement will last 10 years, beginning on April 26, 2007.

Furthermore, in the context of a closer strategic partnership between FSI and Séché Environnement, FSI granted Séché Environnement a call option for 18% of HIME shares, which can be exercised from May 27, 2008 to May 26, 2012, subject to the agreement of HIME's lending banks. Exercise of this option will lead to a modification of the duration of the above-mentioned shareholders' agreement, extending it to April 2022.

The current breakdown of the Group's off-balance sheet commitments includes all significant commitments as defined by current accounting standards.

2.1.6.3.2. Notes to the table of changes in shareholders' equity

Note 8 - Breakdown of share capital

SHARE CATEGORY	NUMBER	PAR VALUE
1- Shares comprising the share capital at the start of the year	**8 634 870**	**0.20€**
Capital increase		
2- Shares comprising the share capital at the end of the year	**8 634 870**	**0.20€**
of which shares with single voting rights	*4 929 905*	
of which shares with double voting rights	*3 704 965*	

Note 9 - Premiums

Premiums are made up exclusively of additional paid-in capital from the different capital increases, net of charges:

(IN THOUSANDS OF EUROS)	
Capital increase of November 27, 1997	11 220
Capital increase of December 19, 1997	112
Capital increase of October 1, 2001 (to pay for Alcor shares)	10 795
Capital increase of July 5, 2002 (to pay for Tredi shares)	192 903
Charges on additional paid-in capital	(1 578)
Issuance of 596,408 share subscription warrants in favour of Caisse des Dépôts on December 12, 2006	10 908
Exercise of share subscription warrants by Caisse des Dépôts on April 24, 2007	74 718
TOTAL	**299 079**

Note 10 - Breakdown of consolidated reserves

	DEC. 31, 2009	INCREASE	DECREASE	DEC. 31, 2010
Legal reserve	173	/	/	173
Regulatory reserves	/	/	/	/
Retained earnings	90 382	28 808	/	119 190
Other reserves	6 037	/	/	6 037
Sub-total - legal and regulatory reserves	**96 592**	**28 808**	**/**	**125 400**
Consolidated reserves (excluding foreign currency translation differences)	(62 347)	/	(21 249)	(83 596)
TOTAL RESERVES (EXCLUDING FOREIGN CURRENCY TRANSLATION DIFFERENCES)	**34 245**	**28 808**	**(21 249)**	**41 804**
Foreign currency translation differences	(1 176)	(28)	/	(1 204)
TOTAL RESERVES (INCLUDING FOREIGN CURRENCY TRANSLATION DIFFERENCES)	**33 069**	**28 780**	**(21 249)**	**40 600**

Note 11 - Information on treasury stock

By virtue of the authorizations granted by the Annual General Meetings of April 30, 2009 and May 6, 2010, the Board of Directors repurchased a certain number of Group shares in 2010. At December 31, 2010, these share buybacks broke down as follows:

Number of shares held as treasury stock (*)	57 177
Percentage of shares held as treasury stock	0.7%
Net book value of shares held as treasury stock (EUR)	2 904 087
Market value of shares held as treasury stock at December 31, 2010 (EUR) (**)	3 370 584

(*) Including shares acquired under previous share buyback programmes.

(**) On the basis of the average closing price of Séché Environnement's shares over the month of December 2010, i.e. EUR 58.95.

2.1.6.3.3. Notes to the income statement

Note 12 - Income from ordinary activities

Note 12.1 - Breakdown by nature

(IN THOUSANDS OF EUROS)	2008	2009	2010
REVENUE	383 192	365 666	402 122
of which sales of goods	*43 903*	*33 658*	*44 404*
of which sales of services	*339 289*	*332 009*	*357 718*
OTHER BUSINESS INCOME	4 838	2 103	4 239
TRANSFERS OF EXPENSES	3 477	2 721	3 443
INCOME FROM ORDINARY ACTIVITIES	**391 508**	**370 491**	**409 803**

Note 12.2 - Breakdown of revenue by type of waste

(IN THOUSANDS OF EUROS)	2008	2009	2010
HW treatment	266 973	250 742	267 341
NHW treatment	116 219	114 924	134 781
TOTAL	**383 192**	**365 666**	**402 122**

Note 12.3 Breakdown of revenue by geographical area

(IN THOUSANDS OF EUROS)	2008	2009	2010
France	360 261	345 783	380 644
Europe (outside France)	20 897	18 080	19 450
Outside Europe	2 035	1 804	2 028
TOTAL	**383 192**	**365 666**	**402 122**

Note 13 - Earnings before interest, taxes, depreciation and amortization

Note 13.1 - Breakdown of EBITDA

(IN THOUSANDS OF EUROS)	2008	2009	2010
INCOME FROM ORDINARY ACTIVITIES	391 508	370 491	409 803
Purchases used for operational purposes	**(54 338)**	**(47 628)**	**(55 415)**
• Stored purchases	(32 553)	(30 895)	(36 798)
• Non-stored purchases	(21 785)	(16 734)	(18 617)
External expenses	**(126 710)**	**(113 801)**	**(135 245)**
• Subcontracting	(70 931)	(63 582)	(74 744)
• Leasing expenses	(8 830)	(8 067)	(8 981)
• Maintenance and repairs	(17 181)	(15 395)	(18 020)
• Insurance	(3 749)	(4 235)	(5 094)
• Other outside expenses	(26 019)	(22 523)	(28 405)
Taxes other than on income	**(28 386)**	**(30 621)**	**(33 312)**
Employee benefit expenses	**(81 092)**	**(81 914)**	**(84 435)**
• Staff costs	(79 037)	(80 015)	(81 422)
• Profit-sharing and incentive plan	(2 055)	(1 899)	(3 012)
• Remuneration in shares			
EBITDA	**100 981**	**96 525**	**101 397**

External services mainly concern sub-contracting (transportation, upstream activities and landfill).

Note 13.2 - Simple leasing agreements

(IN THOUSANDS OF EUROS)	TOTAL – MINIMUM FUTURE PAYMENTS (non-cancellable agreements)				EXPENSES FOR THE FISCAL YEAR	TOTAL SUB-LEASE PAYMENT
	TOTAL	< 1 YEAR	1 – 5 YRS	> 5 YEARS		
Intangible fixed assets	**983**	74	200	709	52	/
Land	**2 331**	213	748	1 370	207	/
Buildings	**6 637**	697	3 177	2 763	1 129	/
Technical facilities, equipment and industrial plant	**10 810**	919	2 652	7 240	2 947	/
Transportation equipment	**108**	57	51	/	276	/
Fixtures and fittings	**/**	/	/	/	/	/
Office equipment and furniture	**78**	27	52	/	132	/

Note 14 - Current operating income

Note 14.1 - Breakdown of current operating income

(IN THOUSANDS OF EUROS)	2008	2009	2010
EBITDA	**100 981**	**96 525**	**101 397**
Other operating income and expenses	**(1 881)**	**(581)**	**(1 024)**
• Other operating expenses	(2 074)	(650)	(1 076)
• Other operating income	194	69	52
Net allocations to provisions	**3 140**	**(568)**	**(2 072)**
• Allocations to provisions	(4 076)	(3 910)	(5 327)
• Write-backs of provisions	7 216	3 342	3 255
Depreciation	**(37 101)**	**(31 970)**	**(31 414)**
• Allocations to depreciation	(37 101)	(31 970)	(31 414)
• Write-backs of depreciation			
CURRENT OPERATING INCOME	**65 139**	**63 406**	**66 887**

Note 14.2 - Net allocations to provisions

(IN THOUSANDS OF EUROS)	2008	2009	2010
Net allocations to provisions on site	(1 010)	(549)	(375)
Net allocations to current assets	(617)	(36)	94
Net allocations to other operating provisions	4 767	17	(1 791)
TOTAL	**3 140**	**(568)**	**(2 072)**

Provisions on site correspond to provisions for site rehabilitation and for thirty-year monitoring (for the share excluding accretion).

Note 14.3 Net allocations to amortization

(IN THOUSANDS OF EUROS)	2008	2009	2010
Net allocations to intangible fixed assets	(575)	(660)	(703)
Net allocations to property, plant and equipment	(36 526)	(31 310)	(30 711)
TOTAL	**(37 101)**	**(31 970)**	**(31 414)**

Note 15 - Operating income

(IN THOUSANDS OF EUROS)	2008	2009	2010
CURRENT OPERATING INCOME	**65 139**	**63 406**	**66 887**
Reassessment of fixed assets	/	/	/
Income on sale of fixed assets	**1 057**	**312**	**467**
• Sales of intangible fixed assets	/	(77)	(4)
• Sales of property, plant and equipment	(167)	386	472
• Sales of consolidated shares	1 224	2	/
Impairment of assets	**(796)**	**(246)**	**(2 083)**
• Goodwill	/	/	/
• Other intangible fixed assets	/	/	(2 083)
• Property, plant and equipment	(796)	(246)	/
Other non-current income and expenses	/	/	**(4 840)(*)**
OPERATING INCOME	**65 400**	**63 472**	**60 431**

(*) Of which EUR 4.9 million corresponding to application of the change of method imposed by amended IFRS 3 concerning treatment of the acquisition cost of shares in the framework of a business combination, and of which EUR 2.3 million corresponding to the estimated impacts of the removal to new premises of the Paris headquarters of Tredi SA.

Note 16 - Net financial income

Note 16.1 - Breakdown of net financial income

(IN THOUSANDS OF EUROS)	2008	2009	2010
Income from cash and cash equivalents	11 670	13 495	14 697
Gross financial borrowing costs	(15 295)	(10 954)	(8 972)
Other financial income and expenses	(1 487)	(41)	1 167
TOTAL	**(5 112)**	**2 500**	**6 892**

The cost of gross financial debt changed as follows:

(IN THOUSANDS OF EUROS)	2008	2009	2010
Financial liabilities at amortized cost	(15 460)	(5 785)	(4 453)
Income on hedging instruments	166	(5 169)	(4 518)
COST OF GROSS FINANCIAL DEBT	**(15 295)**	**(10 954)**	**(8 972)**

The cost of net financial debt varied under the combined impact of:

- the rise in income from cash and cash equivalents resulting from the Group's purchase of HIME convertible bonds bearing capitalized interest of 8% (before the removal of the conversion rights) and 9.89% (after removal);
- the reduction in the cost of net debt due to the efficiency of the impacts of hedging, and the effectiveness of the Group’s debt reduction efforts.

Note 16.2 - Breakdown of other financial income and expenses

(IN THOUSANDS OF EUROS)	2008	2009	2010
Foreign exchange gain (loss)	130	461	61
Net gain (loss) on the sale of financial fixed assets	(682)	(7 649)	/
Net impairment on financial assets	397	6 346	1 948
Other financial income and expenses	(1 332)	799	(842)
TOTAL	**(1 487)**	**(41)**	**1 167**

Foreign exchange gains (losses) were generated mainly on unrealized positions on Group prepayments to its international affiliates which did not meet the definition of net investments under IAS 21.

To date, the Group holds no instruments or other means of hedging against foreign exchange risk.

Note 17 - Taxes

(IN THOUSANDS OF EUROS)	2008	2009	2010
Income tax payable	18 532	15 232	19 288
Deferred tax	1 577	2 978	1 938
TOTAL TAX EXPENSE	**20 109**	**18 210**	**21 226**

The statutory rate as compared with the actual rate paid breaks down as follows:

(IN THOUSANDS OF EUROS)	
Tax at current statutory tax rate	(23 179)
Changes in tax rate applicable to parent company (*)	(6)
Differences in tax rates applicable to subsidiaries	439
Unrecognized tax assets	(326)
Use of previous losses not previously carried forward	/
Permanently non-taxable income and expenses	1 847
TOTAL TAX EXPENSE	**(21 226)**

(*) The tax rate (excluding social security contributions) on profits is 33.33%. Including social security contributions on profits, the tax rate is 34.39%.

Within the tax consolidation group headed by Séché Environnement, which includes all French companies more than 95%-held directly or indirectly by Séché Environnement, tax savings amounting to EUR 1.4 million were generated.

2.1.6.3.4. Financial risk management

Note 18 - Financial instruments at fair value

Financial instruments break down as follows in terms of their different levels of fair value assessment:

(IN THOUSANDS OF EUROS)	2010			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available-for-sale securities	/	2 417	17	**2 434**
“Bond” portion of convertible bonds	/	/	142 179	**142 179**
Hedging instruments	/	/	/	**/**
Other financial assets at fair value by the income statement	/	/	/	**/**
FINANCIAL ASSETS	**/**	**2 417**	**142 179**	**144 613**
Financial debts	/	238 363	/	**238 363**
Hedging instruments	/	2 593	/	**2 593**
Other financial liabilities at fair value by the income statement	/	/	/	**/**
FINANCIAL LIABILITIES	**/**	**240 956**	**/**	**240 956**

For comparison purposes, the breakdown in terms of fair value of the Group's financial instruments at December 31, 2009, was as follows:

(IN THOUSANDS OF EUROS)	2009			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available-for-sale securities		2 591	17	**2 608**
"Bond" portion of convertible bonds	/	/	133 202	**133 202**
Hedging instruments	/	/	/	**/**
Other financial assets at fair value by the income statement	/	/	/	**/**
FINANCIAL ASSETS	**/**	**2 591**	**133 219**	**135 810**
Financial debts	/	264 346	/	**264 346**
Hedging instruments	/	5 251	/	**5 251**
Other financial liabilities at fair value by the income statement	/	/	/	**/**
FINANCIAL LIABILITIES	**/**	**269 597**	**/**	**269 597**

Available-for-sale securities

- quoted securities valued at their stock exchange closing price are considered level 1;
- non-quoted securities whose fair value can be determined on the basis of observable data, such as valuation by an independent expert, are considered level 2;
- non-quoted securities whose fair value can be determined on the basis of a valuation model (such as discounted cash flow, multiple, etc.) are considered level 3.

"Bond" portions

This refers to the "bond" portion of the HIME convertible bonds. In the absence of observable data, their fair value is considered to be level 3.

Hedging instruments

The fair value of the hedging instruments used by the Group (swaps, collars, swaptions, hybrid instruments) is determined by reference to a valuation model using observable data (notably, interest rates) and is therefore considered to be of level 2.

Financial debts

The fair value of financial debts can be determined on the basis of observable data (interest rates) and is considered to be of level 2.

Note 19 - Exposure to credit risk

Credit risk is the risk of financial loss incurred by the Group in the event that a client or counterparty to a given asset fails to meet its contractual obligations.

This risk arises mainly from trade receivables and hybrid financial instruments (HIME convertible bonds).

The Group manages the credit risk associated with trade receivables by means of an active payment collection policy implemented at each of its French subsidiaries. This policy is implemented using a centralized software programme which issues formal reminders and provides real-time information on the various parties concerned.

An analysis of actual payment dates is monitored on a monthly basis, and any incidents are subject to corrective initiatives.

The book value of the financial assets represents the Group's maximum exposure to credit risk. At the close of the year, maximum credit risk exposure broke down as follows:

	2009			2010		
(IN THOUSANDS OF EUROS)	NC	C	TOTAL	NC	C	TOTAL
Available-for-sale financial assets	135 811	/	**135 811**	144 613	/	**144 613**
Financial loans and receivables at amortized cost	2 080	124	**2 204**	2 737	88	**2 825**
Non-current financial assets	**137 891**	**124**	**138 015**	**147 350**	**88**	**147 438**
Trade and other receivables	/	106 319	**106 319**	1 759	112 665	**114 424**
Other current assets (incl. corporation tax receivables)	/	22 194	**22 194**	/	12 372	**12 372**
Loans and receivables at amortized cost	**/**	**128 513**	**128 513**	**1 759**	**125 037**	**126 796**
Hedging instruments - assets	/	/	/	/	/	/
Other instruments at fair value by the income statement	/	/	/	/	/	/
Financial assets at fair value by the income statement	**/**	**/**	**/**	**/**	**/**	**/**
Cash and cash equivalents	/	19 108	**19 108**	/	43 431	**43 431**
TOTAL FINANCIAL ASSETS	**137 891**	**147 745**	**285 636**	**149 109**	**168 556**	**317 665**
"Derivative" portion of convertible bonds (*)	26 929	/	**26 929**	26 929	/	**26 929**
TOTAL	**164 820**	**147 745**	**312 565**	**176 039**	**168 556**	**344 595**

(*) Booked under "investments in affiliates"; this does not correspond to the definition of a financial asset under IAS 39.

Revenues, expenses, income and impairments recognized in the financial statements for 2010 as financial assets were almost exclusively comprised of interest on convertible bonds totalling EUR 14.4 million.

Note 20 - Exposure to counterparty risk

Counterparty risk corresponds to the loss that the Group could suffer if one or more counterparties were to fail to fulfil its obligations.

It concerns loans and receivables at amortized cost (financial or operational) and short-term investments of excess cash.

The aged balance of loans and receivables at amortized cost is as follows:

2010					
(IN THOUSANDS OF EUROS)	NET VALUE (C AND NC)	OF WHICH NOT DUE	OF WHICH DUE		
			0-6 months	6 months-1 year	More than 1 year
Financial loans and receivables at amortized cost	2 825	2 825			
Trade and other receivables	**114 424**	87 584	25 805	684	351
Other assets	**12 372**	11 491	478	399	4
TOTAL	**129 621**	**101 900**	**26 283**	**1 083**	**355**

The aged balance of loans and receivables at amortized cost at December 31, 2009 was as follows:

(IN THOUSANDS OF EUROS) 2009					
	NET VALUE (C AND NC)	OF WHICH NOT DUE	OF WHICH DUE		
			0-6 months	6 months-1 year	More than 1 year
Financial loans and receivables at amortized cost	2 204	2 204			
Trade and other receivables	**106 319**	74 870	30 139	547	763
Other assets	**22 194**	21 004	608	4	578
TOTAL	**130 713**	**98 078**	**30 747**	**550**	**1 340**

In the Group's opinion, it is not exposed to any significant counterparty risk.

Note 21 - Exposure to liquidity risk

Liquidity risk is the risk that the Group may have difficulty honouring its debts at their maturity.

The Group manages its financing centrally. A cash management report is prepared, with the aim of providing a regularly updated overview of the Group's short-, medium- and long-term financing requirements. Nearly all of the Group's financing requirements are managed centrally, as is the balancing of its sources of financing (capital markets, banks).

At December 31, 2010, the remaining contractual maturities of the Group's financial liabilities broke down as follows:

(IN THOUSANDS OF EUROS)	BOOK VALUE	CONTRACTUAL CASH FLOW	< 1 YR	FROM 1 TO 5 YRS	> 5 YRS
Bank loans	216 333	221 624	42 873	175 969	2 783
Lease finance debt	20 373	22 220	4 834	15 453	1 933
Other financial debt	1 076	1 093	36	867	190
Short-term bank borrowings	582	582	582	/	/
Trade and other payables (incl. corporation tax debts)	119 712	119 712	118 362	1 350	/
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**358 076**	**365 231**	**166 687**	**193 639**	**4 906**
Hedging instruments	2 593	2 593	609	1 984	/
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**2 593**	**2 593**	**609**	**1 984**	**/**

For comparison purposes, the remaining contractual maturities of the Group's financial liabilities at December 31, 2009 were as follows:

(IN THOUSANDS OF EUROS)	BOOK VALUE	CONTRACTUAL CASH FLOW	< 1 YR	FROM 1 TO 5 YRS	> 5 YRS
Bank loans	238 208	245 639	29 622	212 338	3 679
Lease finance debt	24 565	26 685	5 053	19 151	2 481
Other financial debt	1 087	1 087	34	1 028	25
Short-term bank borrowings	486	486	486	/	/
Trade and other payables (incl. corporation tax debts)	99 234	99 234	98 996	238	/
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**363 580**	**373 131**	**134 191**	**232 755**	**6 185**
Hedging instruments	5 251	5 251	1 690	3 561	/
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**5 251**	**5 251**	**1 690**	**3 561**	**/**

When it acquired its equity stake in HIME, Séché Environnement refinanced all its debt. The Group's new credit line includes a covenant with a commitment to respect two financial ratios based on the Group's consolidated financial statements. Compliance with these financial ratios is checked twice per year for the twelve-month periods ending December 31 and June 30.

Non-compliance with these ratios would constitute default and, in the case of most lenders, would render all debt immediately payable.

The financial ratios set in the covenant are as follows:

RATIOS	COVENANT RATIO
Net financial debt/Equity	<1.1
Net financial debt/EBITDA	<3

The above assumes the following, on a consolidated basis:

- net financial debt includes all short-, medium- and long-term debt, including lease finance agreements, IFRS-restated financial leases, the credit position of bank accounts showing a credit, accrued discounted bills, Dailly financing, factoring and other mobilized client receivables, less short-, medium-, and long-term marketable securities, cash on hand and the debit position of bank accounts showing a debit balance;
- equity means all shareholders' equity (Group share);
- EBITDA refers to consolidated operating income before deduction of all allocations net of write-backs of provisions on operating assets and on risks and contingencies; as well as all allocations net of write-backs to depreciation of property, plant and equipment and amortization of intangible and financial fixed assets and before deduction of other operating income and costs.

At December 31, 2010, the Group's bank gearing stood at 0.53 and bank-debt-to-earnings at 1.91, both ratios lying within the required range.

Note 22 - Exposure to interest rate risk

Séché Environnement's corporate debt, any hedging excluded, is subject to a variable rate of interest.

The Group uses hedging instruments to cover itself against any rise in interest rates, and to optimize the cost of its debt. The new credit line requires a minimum of 50% hedging over a three-year period. The instruments used include swaps, caps, floors and collars. Their use is managed directly by the Group Finance Department.

Interest-rate risk is analysed on the basis of projected trends in financial debt on the credit lines and maturities of interest-rate hedges:

- a 50 basis point decline in interest rates would have a negative impact of EUR 0.7 million on Group shareholders' equity;
- a 1% instant upward change in interest rates would have a negative impact of EUR 1.9 million on the Group's financial costs in 2010.

Note 23 - Exposure to exchange rate risk

The exchange rate risk to which the Group is exposed arises from:

- the conversion of contributions from foreign subsidiaries outside the euro zone to its balance sheet and income statement. However, this risk is increasingly limited thanks to the Group's ongoing efforts to refocus on its European activities in the euro zone;
- bank debt financing, denominated almost exclusively in euros, of the investments of its foreign subsidiaries carried out in local currencies (for those subsidiaries not considered as long-term foreign investments).

Changes in foreign exchange income break down as follows:

(IN THOUSANDS OF EUROS)	2008 ACTUAL	2009 ACTUAL	2010 ACTUAL
Foreign exchange income, Europe	775	(15)	109
Foreign exchange income, Americas	(645)	476	(49)
Foreign exchange income, Asia	/	/	/
TOTAL	**130**	**461**	**61**

To date, this risk is not the subject of specific hedging at the Group level.

2.1.6.3.5. Joint ventures - Proportional consolidation

(IN THOUSANDS OF EUROS)	SOGAD
• % held	50%
• Group share of current assets	557
• Group share of non-current assets	947
• Group share of current liabilities	2 265
• Group share of non-current liabilities	413
• Group share of revenue	2 109
• Group share of EBITDA	496
• Group share of current operating income	281
• Group share of operating income	281

The Group had no significant transactions with SOGAD.

2.1.6.3.6. Earnings per share

The earnings per share figure presented at the foot of the income statement is the ratio of the net income attributable to shareholders of the parent company, to the weighted average number of shares making up the share capital of the parent company which were in circulation over the period, i.e. 8 572 898.

The Group has no dilutive instruments, therefore diluted EPS is equal to net EPS.

2.1.6.3.7. Dividends

In 2010, Séché Environnement paid out EUR 11 225 331 in dividends, or EUR 1.30 per share, regardless of the type of share. Dividends concerning treasury stock were booked in retained earnings in the amount of EUR 74 070.10.

On February 18, 2011, the Board of Directors resolved to propose to the Annual General Meeting a dividend payout of EUR 11 225 331 (or EUR 1.30 per share).

2.1.6.3.8. Transactions with related parties

The Group maintains relations with the following related parties:

- non-consolidated Group subsidiaries, joint ventures and affiliates: the Group maintains no significant relations with these related parties, with the exception of HIME. Group transactions with HIME are presented in note 3;
- the members of the Board of Directors and the Executive Committee: their remuneration and benefits of all kinds are presented in the section below.

2.1.6.3.9. Remuneration of senior management

Remuneration of the senior officers and directors breaks down as follows:

(In euros)	2008	2009	2010
Short-term benefits	2 450 069	1 836 456	1 850 508
Post-employment benefits	/	/	/
Share-based payments	/	/	/
TOTAL	**2 450 069**	**1 836 456**	**1 850 508**

2.1.6.3.10. Key events since the closing of accounts

We are aware of no significant event occurring after the closing of accounts likely to have a significant impact on the Group's assets, financial position or operating results.

As far as the company is aware, there is no litigation, arbitration or exceptional event occurring after the closing likely to have, or to have had in the recent past, a significant effect on the financial position, earnings, business or assets of the Company or the Group.

2.1.6.3.11. Fees of the Statutory Auditors

Fees paid by the Group to its statutory auditors and members of their networks:

(In thousands of euros)	KPMG		ACOREX	
	2009	2010	2009	2010
Auditing assignments				
Statutory auditing and certification of accounts				
• Séché Environnement	99	121	95	95
• Consolidated subsidiaries	237	222	152	161
Additional assignments				
- Séché Environnement				
- Consolidated subsidiaries	-			
SUB-TOTAL 1	336	343	247	256
Other services				
• Legal, tax and corporate	2			
• Other				
SUB-TOTAL 2	2			
TOTAL	**338**	**343**	**247**	**256**

technologies natural resources expectations men value stakeholders safety assets women renewable energies strategy regulations balance sheet structure ecosystems

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