ANNUALREPORT

Report of the Board of Directors

2011

Séché environnement

Séché global solutions

CONTENTS

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CHAPTER 1

MANAGEMENT REPORT

chapter

1 MANAGEMENT REPORT

1.1. HIGHLIGHTS OF THE PERIOD

In the year 2011, marked as it was by a disturbed and uncertain economic and financial context, and in the environmental sector by changes in working practices and the regulatory framework brought about by the prescriptions of the French "Grenelle" conference on the environment, the Séché Group once again showed its capacity for resistance and adaptation.

Relying on the diversity of its offerings and capitalizing on its commercial successes, the Group maintained its level of activity, posting revenues of EUR 424.2 million, an increase of + 5.5% on 2010.

The Group's operating profitability, bolstered by this sustained level of activity, progressed in line with the changes in its activities mix. It was however severely penalized by a decrease in its PCB treatment activities, by the exogenous cost increases due to certain expenses following the hardening of the economic and regulatory context, and by the non-availability of certain incinerators as a result of isolated technical incidents. Thus, EBITDA came out at EUR 97.4 million, a decrease compared with 2010 of EUR – 6.3 million.

Net income of consolidated companies, at EUR 44 million, or 10.4% of revenues, showed a decrease of only EUR – 2.1 million, benefiting from the non-recurrence of the one-time first-application effects of amended IFRS 3.

Taking account of the Group's share in the results of affiliates, net income (Group share) came out at the end of 2011 at EUR 15.9 million (3.7% of revenue), compared with EUR 27.4 million in 2010, or 6.8% of revenue.

Despite the difficulties encountered, and strengthened by its sound, well-managed financial structure, Séche Environnement pursued in 2011 a steady, targeted development investment policy (energy recovery, sorting centres, logistics platforms), while adapting its facilities and methods to the challenges of the years to come, to ensure the Group has the means to attain the objectives of its future growth.

1.2. 2011 ACTIVITY AND RESULTS

Introduction

With effect from January 1, 2011, in order to adhere more closely to usual practice in the Group's sector of activity, expenses incurred on the one hand for major maintenance and repair work to assets granted under a service concession arrangement, and on the other for site rehabilitation and long-term monitoring, have been reassigned to a separate line in the statement of current operating income (instead of being booked under external expenses and included in the calculation of EBITDA).
For comparison purposes:

- *the 2010 EBITDA figures presented and commented on here have been increased by EUR 2 308 K relative to the published EBITDA figures for 2010;*
- *the 2009 EBITDA figures presented have been increased by EUR 954 K relative to the published EBITDA figures for 2009.*

1.2.1. Activity in 2011

EXTRACT FROM CONSLIDATED INCOME STATEMENT

(IN MILLIONS OF EUROS)	2009 RESTATED	2010 RESTATED	2011 ACTUAL
REVENUES	**365.7**	**402.1**	**424.2**
EBITDA (earnings before interest, tax, depreciation and amortization)	97.5	103.7	97.4
Current operating income	63.4	66.9	57.4
Operating income	63.5	60.4	55.2
Net financial income	2.5	6.9	8.3
Tax	(18.2)	(21.2)	(19.5)
NET EARNINGS OF CONSOLIDATED COMPANIES	**47.8**	**46.1**	**44.0**
Share of income of affiliates	(22.9)	(19.2)	(28.3)
CONSOLIDATED NET INCOME (GROUP SHARE)	**24.9**	**27.4**	**15.9**

1.2.1.1. Revenues

Revenues generated by Séché Environnement in 2011 amounted to EUR 424.2 million. compared with EUR 402.1 million in 2010 in reported data, which represented an increase of + 5.5% on the year. The Group benefited from the stability of its regulated markets, the results of its dynamic sales efforts and strong performance in all its activities.

1.2.1.1.1. Breakdown of revenues by division

BREAKDOWN OF REVENUES	2009		2010		2011	
BY DIVISION	*M€*	*%*	*M€*	*%*	*M€*	*%*
HW treatment	250.8	68.6%	267.3	66.5%	270.1	63.7%
NHW treatment	114.9	31.4%	134.8	33.5%	154.1	36.3%
TOTAL	**365.7**	**100%**	**402.1**	**100%**	**424.2**	**100%**
Of which Energy	*13.1*	*3.6%*	*17.3*	*4.3%*	*21.1*	*5.0%*

In the hazardous waste (HW) treatment activity, revenues grew by + 1.0%, penalized by the strongly unfavourable development of the PCB treatment market, which suffer from the ending of the regulatory obligation to eliminate equipment containing large amounts of PCB.

Disregarding this activity, revenue growth in this activity came out at 6%, resulting from:

- a favourable orientation of the industrial situation towards treatment and recovery activities, including landfill, sorting (in which volumes increased), incineration and chemical purification (particularly for higher value-added products);
- the effects of an excellent sales dynamic on depollution and dehydration contracts.

The non-hazardous waste (NHW) activity achieved revenue growth of + 14.3%, in part as a result of the contribution made by a full year of the Strasbourg contract. This increase also reflects the growth in recovery and depollution activities.

Green electricity sales from the conversion of biogas and solar generation totalled EUR 8.4 million over the period, an increase over the previous year of + 13.8%.

1.2.1.1.2. Breakdown of revenues by region

BREAKDOWN OF REVENUES	2009		2010		2011	
BY REGION	*M€*	%	*M€*	%	*M€*	%
Subsidiaries in France	345.8	94.6%	380.6	94.7%	399.3	94.1%
International subsidiaries	19.9	5.4%	21.5	5.3%	24.9	5.9%
TOTAL	**365.7**	**100%**	**402.1**	**100%**	**424.2**	**100%**

The activities of the Group's international subsidiaries are:

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

Over the year, the businesses of the Group's international subsidiaries grew by + 15.8% through a combination of high levels of activity in solvent regeneration and gas treatment markets, on the one hand, with a reduction in PCB markets in Latin America, on the other.

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

Group EBITDA for 2011 came out at EUR 97.4 million, versus EUR 103.7 million (restated) in 2010, a decrease of EUR – 6.3 million. This unfavourable variation in EBITDA is essentially due to:

- an improvement in margins mechanically linked to the increase in activity (comparable scope) + 2.5 M€
- changes in the mix of activities – 4.3 M€
- isolated exogenous effects – 4.5 M€

Isolated exogenous effects principally concern energy price increases (EUR – 2.5 million) and increases in maintenance costs following unexpected stoppages in incinerator operations (EUR – 1.6 million).

1.2.1.3. Current operating income

Operating profitability at the end of 2011 amounted to EUR 57.4 million (13.5% of revenues), compared with EUR 66.9 million (16.6% of revenues) at the end of 2010, a fall of EUR – 9.5 million.

This was mainly attributable to:

- the decrease in EBITDA – 6.3 M€;
- the favourable base effect concerning provisions for operational disputes + 1.4 M€;
- the full-year effect of maintenance charges at facilities managed by Senerval – 1.8 M€;
- the one-time cost of regulatory compliance concerning site rehabilitation – 2.8 M€.

The French operations consolidation scope was responsible for more than 97% of the Group's current operating income, posting current operating income of EUR 55.9 million, or 14.0% of the revenues generated in this consolidation scope (versus 17.3% in 2010, at EUR 65.7 million).

The international operations consolidation scope provided a contribution of EUR 1.4 million, representing 5.7% of revenues, a contribution which showed a slight increase as a result

of the growth in solvent regeneration and gas treatment activities.

1.2.1.4. Operating income

The Group's operating income came out at EUR 55.2 million (13.0% of revenues) at the end of 2011, a fall of EUR – 5.3 million compared with 2010.

This result was affected by the fall in current operating income (EUR – 9.7 million) and charges related to financial holdings (EUR – 0.9 million). On the other hand, it was no longer penalized, as it had been in 2010, by the first-application effects of amended IFRS 3 (EUR – 4.9 million).

1.2.1.5. Net financial income

Net financial income for 2011 came out at EUR + 8.3 million, against EUR + 6.9 million in 2010, an increase of EUR + 1.4 million. This improvement is principally explained by a reduction in the cost of financial debt net of hedging effects, both from lower rates and hedge quality, and a reduction in borrowings (a positive impact on net income of EUR + 1.6 million).

It should be noted that the effect of annual capitalization of interest on convertible bonds in 2011 (EUR + 1.2 million) is compensated for by the non-renewal of undiscounting products on said interest (EUR 1.3 million) (generated in 2010 as a result of the payment in anticipation of interest).

1.2.1.6. Corporation tax

The Group's corporation tax charge amounted to EUR 19.5 million in 2011, versus EUR 21.2 million at December 31, 2010.
This decrease is in line with the change in operating profitability.

The Group's apparent tax rate (which amounted for 2011 to 30.8%, compared with 30.5% in 2010) remains structurally below the effective rate because of the non-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 44.0 million in 2011, an apparent fall of EUR – 2.1 million compared to the corresponding figure for net income of consolidated companies in 2010 (EUR 46.1 million).
The improvement in net financial income did not compensate fully for the reduction in operating income net of tax.

1.2.1.8. Share of income of affiliates

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

	2009		2010		2011	
(IN MILLIONS OF EUROS)	HIME	OTHER (1)	HIME	OTHER (1)	HIME	OTHER (1)
Current operating income	57.6	(0.2)	65.1	(0.1)	64.6	0.4
Net financial income	(137.5)	(0.1)	(135.1)	(0.1)	(139.1)	(0.1)
Tax	9.2	NS	15.1	NS	(9.3)	NS
NET INCOME OF AFFILIATES (GROUP SHARE)	*(69.0)*	*(0.2)*	*(58.1)*	*(0.2)*	*(86.1)*	*0.3*
Share of net income of affiliates	(22.7)	(0.2)	(19.2)	NS	(28.4)	0.1
TOTAL SHARE OF NET INCOME OF AFFILIATES	**(22.9)**		**(19.2)**		**(28.3)**	

(1) The other affiliates are Barre Thomas, SCI Noiseraie, Altergies and Transval.

Changes to this line item in 2011 are almost all attributable to changes in the results of the HIME sub-group.

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

(IN MILLIONS OF EUROS)	2009			2010			2011		
	WATER	WASTE	TOTAL	WATER	WASTE	TOTAL	WATER	WASTE	TOTAL
REVENUES	*1 209.7*	*307,2*	*1 516,9*	*1 231.7*	*325.3*	*1 557.0*	*1 304.6*	*341.9*	*1 646.5*
% growth	– 1.2%	– 1.6%	**– 1.3%**	+ 1.8%	+ 5.9%	**+ 2.6%**	+ 5.9%	+ 5.1%	**+ 5.7%**
EBITDA	*139.9*	*35.9*	*175.8*	*148.5*	*38.5*	*187.0*	*145.0*	*41.6*	*186.6*
% revenues	11.6%	11.7%	**11.6%**	12.1%	11.8%	**12.0%**	11.1%	13.5%	**11.3%**
CURRENT OPERATING INCOME	*53.6*	*4.1*	*57.7*	*58.9*	*6.2*	*65.1*	*56.6*	*8.0*	*64.6*
% of revenues	4.4%	1.3%	**3.8%**	4.8%	1.9%	**4.2%**	4.3%	2.3%	**3.9%**
OPERATING INCOME	*55.9*	*4.9*	*60.8*	*56.6*	*6.7*	*63.3*	*55.4*	*8.1*	*63.5*
% revenues	4.6%	1.6%	**4.0%**	4.6%	2.1%	**4.1%**	4.2%	2.4%	**3.9%**
Net financial income			**(137.5)**			**(135.2)**			**(139.1)**
Tax			**9.1**			**15.1**			**(9.3)**
Net income (Group share)			**(69.2)**			**(58.1)**			**(86.1)**
SHARE HELD BY SÉCHÉ			**(22.7)**			**(19.2)**			**(28.4)**

The HIME sub-group achieved EUR 1 646.5 million in revenue in 2011 compared to EUR 1 557.0 million in the previous year, an increase of EUR + 89.5 million (+ 5.7%). EBITDA remained stable at EUR 186.6 million (versus EUR 187 million in 2010).

By core business, operating profitability breaks down as follows:

Water

The water activity posted revenues in 2011 of EUR 1 304.6 million (+ 5.9%) and EBITDA of EUR 145 million (compared with EUR 148.5 million in 2010, a fall of EUR – 3.5 million). This activity suffered from adverse weather conditions (EUR – 7 million), but mechanical effects, the contribution from international growth, improvements in operational performance and scope effects together compensated for the negative sales effects.

Waste

The waste management business generated revenues in 2011 of EUR 341.9 million, an increase of + 5.1%, and an EBITDA of EUR 41.6 million (compared with EUR 38.5 million in 2010, up by EUR + 3.1 million). The waste activity benefited mainly from the increase in secondary raw materials prices (which led to a gross profit margin improvement of EUR + 1.0 million) and improvements in the management of contracts (EUR + 5.4 million). However, it had to bear the effects of increased fuel prices (EUR – 3.3 million).

The combined improvement in EBITDA of the water and waste businesses enabled HIME to post EBITDA for the year 2011 of EUR 186.6 million, compared with EUR 187 million in 2010.

Current operating income in 2011 remained stable at EUR 64.6 million, in line with EBITDA.

The non-renewal of revisions to the local professional tax base following tax investigations (EUR + 15.3 million) was compensated for by:

- an increase in amortization charges of EUR – 6.5 million, of which EUR – 5 million were due to changes in consolidation scope;

- additional provisions in respect of international operations of EUR – 4.8 million (including EUR – 2.9 million consecutive to a change in the regulations concerning compliance of electrical installations, which particularly impacted operations in the UK);
- an increase in other operating expenses (net of write-backs) of EUR – 4.1 million, related to the costs incurred to accompany the transformation of the company.

HIME's operating income for 2011 remained in line with operating income, at EUR 63.5 million, versus EUR 63.3 million in 2010.

The HIME sub-group's financial income amounted to EUR – 139.1 million, compared with EUR – 135.2 million in 2010. It includes an increase in interest charges for convertible bonds (interest capitalization effect), which was compensated for by the absence of undiscounting effects on interest paid in 2010 (EUR 3.4 million booked in 2010), an increase in the cost of debt related to changes in the interest rate, and an unfavourable effect of EUR – 2.4 million linked to changes in the debt of the Ecovert pension fund (a positive impact having been registered in 2010 as a result of regulatory changes in the United Kingdom).

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

(IN MILLIONS OF EUROS)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Bank interest charges	(94.3)	(92.3)	(94.4)
Income from cash investments	2.8	1.5	2.2
Other financial income and expenses	(5.3)	(0.5)	(3.9)
FINANCIAL INCOME EXCLUDING REMUNERATION OF SHAREHOLDERS	**(96.8)**	**(91.3)**	**(96.1)**
Interest charges on convertible bonds (remuneration of shareholders)	(40.7)	(43.9)	(43.0)
FINANCIAL INCOME	**(137.5)**	**(135.2)**	**(139.1)**

Moreover, in accordance with new fiscal measures concerning the carry-over of deficits, and in the context of standards relative to the recognition of tax deficits, HIME reintegrated into net income deferred tax assets of EUR 18 million which had been previously activated.

All these changes leads the HIME sub-group to record net income of EUR – 86.1 million for the year 2011, versus EUR – 58.1 million in 2010.

The HIME sub-group's balance sheet at December 31, 2011 can be summarized as follows:

(IN MILLIONS OF EUROS)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Non-current assets	3 079	3 057	3 139
Current assets net of cash and cash equivalents	993	998	1 027
Cash and cash equivalents	103	166	125
Shareholders' equity (including minority interests)	155	73	(61)
Non-current liabilities	2 724	2 770	2 954
Current liabilities	1 296	1 378	1 397

Non-current assets mainly consist of goodwill (EUR 2 009 million), property, plant and equipment, and other intangible assets (EUR 1 071 million). Liabilities (current and non-current) break down as follows:

(IN MILLIONS OF EUROS)	2009 C	2009 NC	2009 TOTAL	2010 C	2010 NC	2010 TOTAL	2011 C	2011 NC	2011 TOTAL
Financial debt	2 094	18	**2 112**	2 122	28	**2 150**	2 236	22	**2 258**
Provisions	529	11	**540**	511	12	**523**	509	11	**520**
Other liabilities	101	1 263	**1 364**	137	1 336	**1 473**	208	1 363	**1 571**
Tax due		4	**4**		2	**2**		1	**1**
TOTAL	**2 724**	**1 296**	**4 020**	**2 770**	**1 378**	**4 148**	**2 954**	**1 397**	**4 350**

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

- EUR 474 million in financial debt (including EUR 29.5 million in accrued interest not yet capitalized);
- EUR 89.1 million in shareholders' equity.

Non-current provisions include a provision for deferred tax liabilities of EUR 161.3 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, 2009	DEC. 31, 2010	DEC. 31, 2011
Cash flow generated by activities	126.3	242.0	163.4
Cash flow linked to investment operations	(49.3)	(72.1)	(123.4)
Cash flow linked to financing operations	(129.8)	(117.5)	(74.1)
CHANGE IN CASH FLOW	**(52.8)**	**52.4**	**(34.2)**

The change in the HIME sub-group's cash flow in 2011 was negative, at EUR – 34.2 million (compared with EUR + 52.4 million the previous year), the cash generated by operations in 2011 being insufficient to cover the costs of investments and financing.

Cash generated by operations amounted to EUR 163.4 million and includes:

- cash flow of EUR 166.2 million (compared to EUR 174.1 million in 2010) ;
- a virtually stable WCR linked to operations (a change of EUR – 0.3 million), principally due to the termination of measures for the optimization and acceleration of the invoicing process, and to application of the French Economic Modernization Act. In 2010, the variation in WCR amounted to EUR + 70.9 million, benefiting from 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 had been particularly impacted by the French Economic Modernization Act (EUR + 25 million), and the impact of leaving the paid holidays fund (EUR + 30 million);
- a tax payment of EUR – 2.5 million.

Net outflows linked to investments amounted to EUR 124.3 million (an increase of EUR + 51.3 million), the year 2011 having been marked by an increase in industrial investments, "canone" investments in Spain (EUR + 21.2 million) and the acquisition of Blue Green (EUR + 15.7 million).

Net outflows linked to financing essentially concern payment of interest on debts and drawings on a revolving credit line amounting to EUR 30 million.

1.2.1.9. Consolidated net income, Group share

By reason of developments in the French simplified tax regime (RSI) on the one hand, and the Group's share in the net income of consolidated companies on the other, the Séché Group recorded net income for the year 2011 of EUR 15.9 million (3.7% of revenues), compared with EUR 27.4 million for the year 2010.

1.2.2. Cash flow

Despite the decline in operating profitability, and strengthened by the effects of its rigorous financial management, the Group has pursued a resolute investment policy, oriented towards its historical business activities and towards development projects able to deliver future growth. It has also continued to reduce its indebtedness, thus enhancing its prospects for financial flexibility.

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

(IN MILLIONS OF EUROS)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Cash flow generated by activities	72.1	93.0	74.5
Cash flow linked to investment operations	(25.1)	(22.6)	(50.5)
Cash flow linked to financing operations	(26.4)	(46.3)	(42.8)
CHANGE IN CASH FLOW	**20.6**	**24.2**	**(18.7)**

1.2.2.1. Net cash from operations

Cash flow generated in 2011 by the Séché Group's operations amounted to EUR 74.5 million (against EUR 93.0 million in 2010), a decrease of EUR – 18.5 million. This change was due to the combined effects of:

- a change in cash flow generated by operations of EUR – 14 million, related to the change in operating income before non-cash charges;
- a positive variation in WCR of EUR + 11.3 million, up compared to the variation recorded in 2010 by EUR + 7.3 million;
- a reduction in tax paid (EUR – 11.8 million) resulting from the time difference between recognizing the expense and making the payment resulting from the advance payments method, the year 2010 also being affected by the cash effects of the accelerated fiscal amortization of the energy investments made in 2009.

1.2.2.2. Net cash paid out for investments

(IN MILLIONS OF EUROS)	2009	2010	2011
Capital expenditures	20.7	33.9	49.7
Financial investments	0.5	0.7	0.1
INVESTMENTS BOOKED (1)	**21.2**	**34.6**	**49.8**
Capital expenditures	29.9	27.0	50.2
Financial investments (2) (3)	(4.8)	(4.4)	0.3
NET INVESTMENTS PAID OUT	**25.1**	**22.5**	**50.5**

(1) Excluding financial lease agreements.

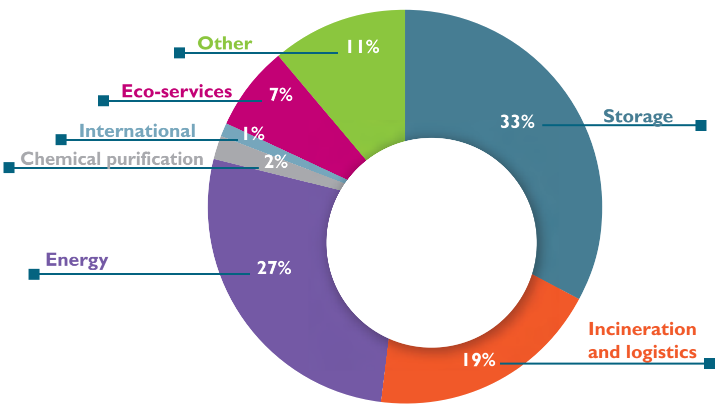
(2) In 2009, Séché Environnement received EUR 5 million from HIME as payment for a portion of interest on convertible bonds. In 2010, Séché Environnement received EUR 5.5 million.

(3) Including cash on acquisitions/sale of subsidiaries.

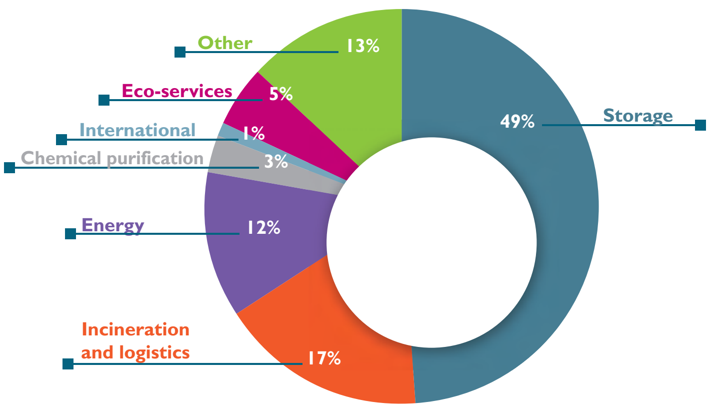
Capital expenditures booked by the Séché Group in 2011 amounted to EUR 49.7 million. They concern:

- recurrent investments of EUR 24.7 million, of which EUR 10 million for the acquisition of land and storage cells, EUR 12 million for regulatory and safety investments, EUR 3.8 million for utility and other vehicles, and EUR 9.2 million for maintenance investments (of which EUR 4.2 million for incineration equipment, EUR 4.5 million for other activities and EUR 1 million for information systems);
- development investments for a total of EUR 25 million (including EUR 9.2 million for materials recovery equipment, EUR 4.9 million for solar energy equipment and EUR 3.0 million for a logistics platform).

2010 Capital Expenditure



2011 Capital Expenditure



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

CASH FLOW AND INVESTMENTS

(IN MILLIONS OF EUROS)	2009 RESTATED	2010 RESTATED	2011
Cash flow (before taxes and financial expenses) (A)	94.6	100.8	86.8
CAPITAL EXPENDITURES (B)	**21**	**34**	**50**
HW	41%	43%	37%
NHW	59%	57%	63%
(A)/(B)	***456.9%***	***293.1%***	***173.6%***
FINANCIAL INVESTMENTS (C)	**0.5**	**0.7**	**0.1**

1.2.2.3. Net cash from financing activities

The Group's financing flows arise from:

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

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

(IN MILLIONS OF EUROS)	2009	2010	2011
Non-current financial debt	233.2	193.7	43.7
Current financial debt	31.2	44.6	172.9
Cash and cash equivalents	(19.1)	(43.4)	(24.7)
NET FINANCIAL DEBT	**245.3**	**194.9**	**191.9**
NET DEBT TO BANKS (1)	***244.2***	***193.9***	***190.9***

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

At December 31, 2011, 97% of gross financial debt had been hedged at fixed rates.

1.2.3. Balance sheet structure

EXTRACT FROM CONSOLIDATED BALANCE SHEET

(IN MILLIONS OF EUROS)	2009	2010	2011
Non-current assets	592	575	570
Current assets (excluding cash and cash equivalents)	136	133	146
Cash and cash equivalents	19	43	25
Shareholders' equity (including minority interests)	360	370	356
Non-current liabilities	241	200	51
Current liabilities	147	182	334

1.2.3.1. Non-current assets

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

The change from December 31, 2010 to December 31, 2011 of EUR – 5 million was primarily attributable to:

- a net increase in tangible and intangible fixed assets of EUR + 17.1 million, in line with the resumption of investments;
- recognition of EUR + 14.2 million in interest for the period on HIME convertible bonds;
- a change in the value of HIME shares accounted for by the accounting method (EUR – 33.6 million) principally due to losses booked in 2011 and the change of the fair value of hedging instruments used by HIME;
- a reduction in deferred tax assets of EUR – 2.1 million.

1.2.3.2. Current assets (excluding cash and cash equivalents)

The increase in current assets excluding cash of EUR – 13.0 million is principally due to the increase in customer receivables related to the increase in trading activity, and the increase in corporation tax and the French tax on polluting activities (TGAP) following application of the advance payments method.

1.2.3.3. Shareholders' equity

The change in shareholders' equity in 2011 breaks down as follows:

(IN MILLIONS OF EUROS)	GROUP	*SHARE OF HIME*	MINORITY INTERESTS
SHAREHOLDERS' EQUITY AT JANUARY 1, 2011	**368.8**	***(103.5)***	**1.0**
Dividends paid	(11.2)	-	-
Net earnings (Group share)	15.8	*(28.4)*	(0.1)
Foreign currency differences	(0.9)	*(0.3)*	-
Hedging instruments	(16.8)	*(16.0)*	-
Fair value of assets available for sale	(0.2)	-	-
Treasury stock	(0.2)	-	-
Entry into scope	-	-	-
Other changes	-	*(0.1)*	-
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2011	**355.3**	*(148.3)*	**0.8**

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. They break down as follows:

	DEC. 31, 2009 RESTATED			DEC. 31, 2010 RESTATED			DEC. 31, 2011		
(IN MILLIONS OF EUROS)	C	NC	TOTAL	C	NC	TOTAL	C	NC	TOTAL
Financial debt	233.2	31.2	**264.4**	193.7	44.6	**238.3**	43.7	172.9	**216.6**
Hedging instruments	3.6	1.7	**5.3**	2.0	0.6	**2.6**	3.5	0.3	**3.8**
Provisions	3.7	13.4	**17.2**	2.8	17.0	**20.8**	3.5	24.9	**28.4**
Other liabilities	0.2	100.2	**100.3**	1.4	115.3	**115.8**	0.3	135.8	**136.1**
Tax due		0.6	**0.6**		4.6	**4.6**		0.2	**0.2**
TOTAL	**240.7**	**147.1**	**387.8**	**199.9**	**182.2**	**382.1**	**51.0**	**334.1**	**385.1**

Current and non-current liabilities amounted to EUR 385.1 million, an increase of EUR + 3 million.

This increase reflects for the most part an increase in provisions (under the effect of the negative net worth of HIME), partly compensated for by a reduction in tax debt (EUR – 4.4 million), the increase in current operational debt (EUR + 20.2 million), itself partly compensated for by a reduction in the Group's gross financial indebtedness (EUR – 21.7 million).

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

(IN MILLIONS OF EUROS)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Bank loans	238.2	216.3	197.6
Lease finance debt	24.6	20.4	17.3
Miscellaneous financial debt	0.3	0.3	0.3
Short-term bank borrowings	0.5	0.6	0.7
Equity investment	0.8	0.8	0.7
TOTAL FINANCIAL DEBT (current and non-current)	**264.4**	**238.3**	**216.6**
Cash balance	(19.1)	(43.4)	(24.7)
NET FINANCIAL DEBT	**245.3**	**194.9**	**191.9**
Of which less than one year	*12.1*	*1.3*	*148.2*
Of which more than one year	*233.2*	*193.7*	*43.7*

The Group's net financial debt fell slightly, to EUR 191.9 million compared with EUR 194.9 million the previous year. The Group continued the amortization of its senior debt (EUR – 37.5 million), but also proceeded to make more substantial investments during the period.

The Group's senior debt matured on April 12, 2012, on which date the Group reimbursed the last tranche of capital due (EUR 162.5 million) while putting in place a new financing structure.

The new structured debt will enable the Group to honour this maturity date and to finance its general needs, while significantly extending its duration, which will become six years.

This refinancing operation concerns EUR 188.3 million of debt and breaks down as follows:

- EUR 166.3 million by means of a bank credit maturing in 2017, amortizable in tranches of 5% per quarter beginning in 2013;
- EUR 25 million by the issuance of a bond *in fine* at 96% of its nominal value, with a maturity date in 2019.

These new contracts carry a commitment to respect the same financial ratios as in the previous credit agreement, i.e. gearing (net financial debt/equity) of less than 1.1, and leverage (net financial debt/EBITDA) of less than 3.

Implementation of this new financial structure will lead to a gross global annual cost of debt in 2012 of 5% versus 3.59% in 2011, rising to approximately 6.61% in 2013.

1.3. GROUP STRUCTURE

1.3.1. Parent company Séché Environnement SA

(IN THOUSANDS OF EUROS)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011	CHANGE
Revenues	13 157	14 683	12 989	(1 694)
Operating income	3 956	4 586	1 276	(3 310)
Net financial income	36 894	39 049	41 467	+2 418
Extraordinary items	(142)	1 849	614	(1 235)
Corporation tax (including tax consolidation)	(748)	(2 583)	(1 718)	865
NET INCOME	**39 960**	**42 901**	**41 638**	**(1 263)**

The net income of Séché Environnement SA for 2011 came out at EUR 41.6 million, versus EUR 42.9 million in 2010, a decrease of EUR – 1.3 million. This fall is due to a reduction in operating income as a result of a decrease in the rate charged for technical assistance, and the recognition in 2011 of expenses related to the Séché/HIME business combination.
This decrease is however partially compensated for by the improvement in financial income (EUR + 2.4 million) under the effects of the reduction of the company's cost of debt: Séché Environnement SA benefits both from the reduction of its indebtedness and from the effects of its interest rate hedging policy.

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

In compliance with the measures prescribed 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 (1)	OVERDUE	30 DAYS	60 DAYS	> 60 DAYS
Dec. 31, 2011	1 117.7	66.8	745.9	305.0	-
Dec. 31, 2010	947.2	11.8	438.5	496.8	-

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

On average, in 2011, suppliers (excluding suppliers of financial fixed assets) were paid within 32 days, versus 21 days in 2010.

1.3.2. Subsidiaries and holdings

There was no major change to consolidation scope of the Group in the course of the year 2011.

The Group took a 35% holding in SAEM on the creation of Transval, which was set up to manage a sorting centre in the Vienne département, and a 35% holding in SCI Turckeim, a property company which is to purchase the land and buildings of the Turckeim paper mill in Alsace, currently in compulsory liquidation.

Concerning reorganization of the consolidation scope, the liquidations of Tredi Amériques (Canada), and Tredi Mexique and its subsidiary RECSA (Mexico) were completed. Moreover, the shares of the non-consolidated companies Ecotredi (Portugal), Sofred (France) and BEFS-PEC (France) were deleted.

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 customers' demands, which are of an increasingly technical nature, by elaborating innovative solutions;
- 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, such as, for example, a project looking for ways of storing renewable energy produced, to be able to release it for later use at times of high energy demand.

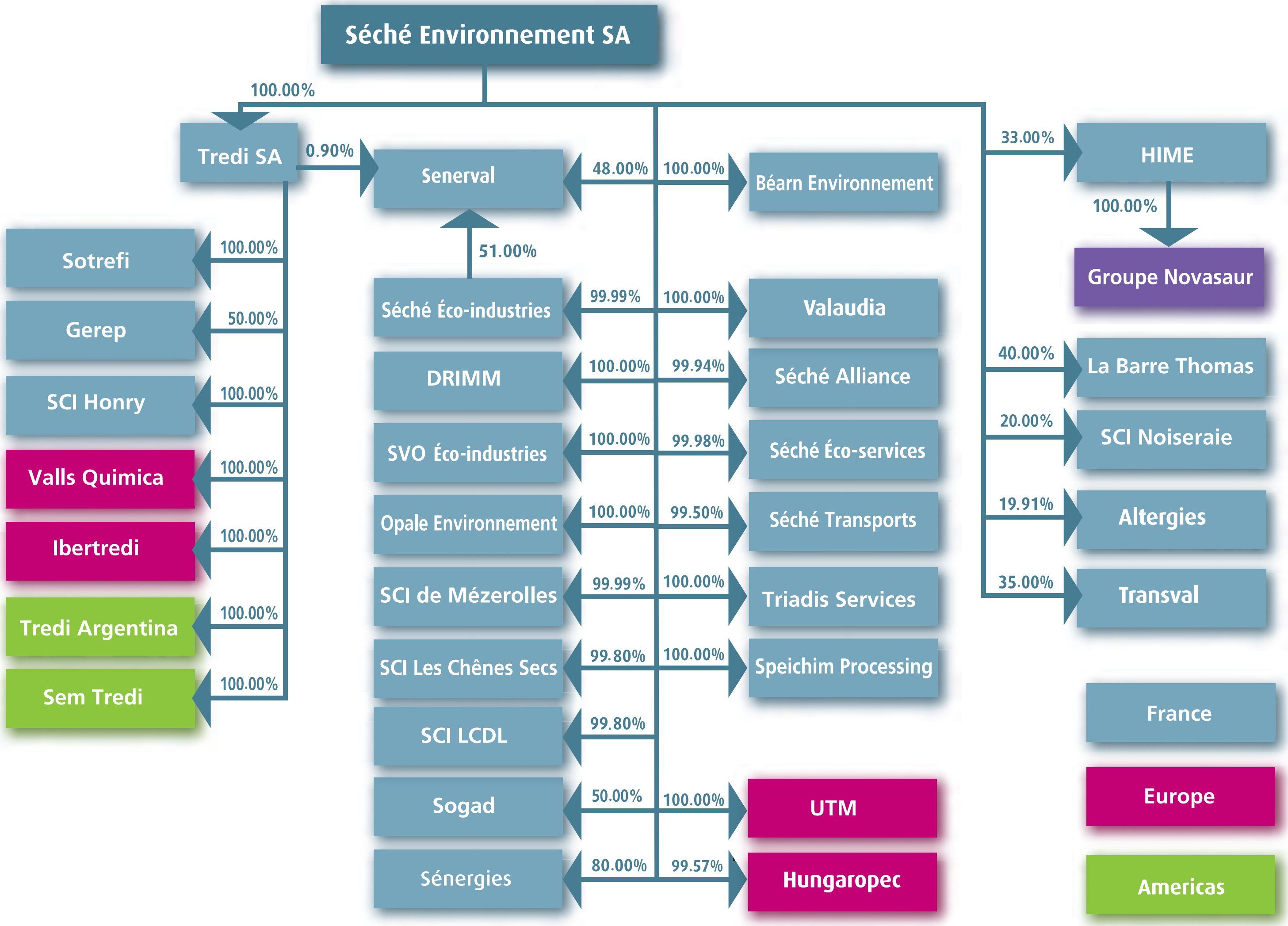
For many of these development projects, which have not yet reached the maturity necessary for them to find industrial application in the short term, the group has benefited from tax credits for research projects for a cumulative total since 2009 of EUR 1 million.

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 2011, the total of such subsidies attributed to the Group amounted to EUR 1.4 million.

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 of these risks and methods for managing them, 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, with the exception of the following point: Séché Environnement entered into a contract concerning the terms of its refinancing, enabling it to honour the last payment on its senior debt (a capital sum of EUR 162.5 million, due on April 12, 2012), to improve the maturity structure of its debt, and to finance the Group's development.

As far as the Company is aware, there were no legal disputes, arbitration or exceptional events occurring after the closing 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 2012

Séché Environnement specializes in the recovery and treatment of waste products, and intervenes on established markets with high barriers to entry and rich commercial opportunities originating in the challenges facing society and the needs of sustainable development.

Séché Environnement seeks to respond to changes in its markets by diversifying its environmental services offerings, and by investing in the development of new activities capable of anticipating the needs of its local authority and industrial customers.

Thus the Group is pursuing an active development strategy on the buoyant sorting and recovery markets, which respond to regulations originating in the French "Grenelle" conference on the environment. The Group also places importance on gaining the business of first-class large industrial and local authority players through its outsourcing offerings, which also afford an opportunity to give these activities greater visibility.

This strategy finds expression in a progressive change of its product mix, and a sustained investment policy targeted towards these new activities.

In 2012, in an uncertain economic and financial context, Séché Environnement should maintain growth in line with the trends observed at the beginning of the year.

At March 31, 2012, consolidated revenues amounted to EUR 105.3 million, an improvement compared with the first quarter of 2011 of + 2.6%.

This growth was mainly provided by the non-hazardous waste activity (up + 8.7% at EUR 40.2 million), while the hazardous waste activity remained stable (– 8.0% at EUR 65.1 million).

Revenues from international activities amounted to EUR 5.8 million, against EUR 5.9 million in the first quarter of 2011.

Investments in concessions over this period amounted to EUR 1.9 million (against EUR 0.4 million at March 31, 2011).

Séché Environnement plans to invest some EUR 60 million in industrial facilities in 2012, of which EUR 22 million will be in concessions. The decline in PCB markets expected over the coming years, of the order of EUR 10 million, will continue to weigh on the Group's operating margin.

Given this, current operating income for the current year of around 12% of consolidated revenues can be expected (not including the effects of IFRIC 12), which would constitute a low point in operational profitability.

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 €
Oct. 1, 2001 Capital increase (1)	160 405	5 565 405	0.20 €
July 5, 2002 Capital increase (2)	2 473 057	8 038 462	0.20 €
Dec. 12, 2006 Issuance of 596 408 share subscription warrants			
Apr. 4, 2007 Capital increase (3)	596 408	8 634 870	0.20 €

(1) Payment for Alcor stock tendered to the company.

(2) Payment for Tredi stock tendered to the company.

(3) 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 30, 2011

	NUMBER OF SHARES	%	VOTING RIGHTS (2)	%
Joël Séché	3 522 400	40.8%	7 044 800	57.3%
Amarosa family trust (1)	116 036	1.3%	232 072	1.9%
SUB-TOTAL, Joël Séché family	*3 638 436*	*42.1%*	*7 276 872*	*59.2%*
Fonds Stragégique d'Investissement	1 726 974	20.0%	1 726 974	14.0%
Treasury stock	60 052	0.7%	60 052	0.5%
Free float	3 209 408	37.2%	3 227 019	26.3%
TOTAL	**8 634 870**	**100,0%**	**12 290 917**	**100.0%**

(1) Joël Séché has majority control of the Amarosa family trust.
(2) Based on the AMF's recommended calculation for determining threshold crossings.

Since January 1, 2011 and until the date of this meeting, Séché Environnement has not been informed of any ownership threshold crossings, in either direction, with the exception of the following: IVA (International Value Advisers LLC) declared that on December 5, 2011, it exceeded the threshold of 3% of the capital of Séché Environnement, and now holds 318 806 Séché Environnement shares representing 2.6% 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, 2011, Séché Group employees held 28 660 Séché Environnement shares via the FCPE Séché Croissance fund. These holdings account for 0.33% of the capital and 0.23% of the voting rights.

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

In 2011, 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	2009	2010	2011
Joël Séché family (1)	42.9%	42.9%	42.1%
CDC Group/FSI	20.0%	20.0%	20.0%
Free float	36.4%	36.4%	37.2%
Treasury stock	0.7%	0.7%	0.7%
TOTAL	**100.0%**	**100.0%**	**100.0%**

(1) 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 implied adherence to the said agreement by 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, 2011:

- 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 shareholdings 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 would oblige the parties 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
May 6, 2010	9th	Issuance of stocks or or marketable securities with preferential subscription rights	26 months July 6, 2012	450 000 € (1)
	10th	Issuance of stocks or marketable securities without preferential subscription rights	26 months July 6, 2012	450 000 € (1)
	11th	Issuance of stocks or marketable securities as payment for contributions in kind	26 months July 6, 2012	10% of share capital
	13th	Capital increase reserved for Group employees	26 months July 6, 2012	86 349 € (1)
May 12, 2011	7th	Share buyback	18 months November 12, 2012	10% of share capital
	8th	Reduction of capital by share cancellation	18 months November 12, 2012	10% of share capital
	9th	Capital increase by incorporation of reserves, profits or bonuses	26 months May 12, 2013	172 697 €

(1) 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 the necessary 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 for more shares than the number 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 made use of 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 May 12, 2011, in its tenth 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 of charge, up to a limit of 2% of the Company's share capital. This resolution brought to an end with immediate effect the previous authorization granted by the Annual General Meeting of April 25, 2008 in its seventh resolution.

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

1.7.1.10. Share buybacks

The Annual General Meeting held on May 12, 2011, 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 May 6, 2010 under the same terms, the use of which was reported at the last Annual General Meeting.

Furthermore, the Annual General Meeting of May 12, 2011, 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 was granted for a period of 18 months, and replaced the previous authorization granted by the Annual General Meeting of May 6, 2010.

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 13, 2011 and ending on December 31, 2011:

Number of shares purchased, sold or transferred since the start of the programme	140 849
Percentage of shares held directly or indirectly as treasury stock	0.69%
Number of shares cancelled over the last 24 months	-
Number of shares held in portfolio	60 052
Net asset value of portfolio (in EUR)	2 785 068
Market value of portfolio at December 31, 2011 (in EUR)	1 720 490

Should the Board of Directors decide to implement the entire share buyback programme (excluding shares already acquired at December 31, 2011), 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. 85 755 shares;
- an average repurchase price of EUR 31.94 per share, which represents the average closing price observed from March 1 to 30, 2012, i.e. a total of EUR 2.7 million for the repurchase of 1% of the share capital;
- a cost of financing this buyback plan of 3.36% before taxes.

Based on these assumptions, the impact of the share buyback plan on the 2011 consolidated financial statements as presented in this Management Report would have been as follows:

	CONSOLIDATED FINANCIAL STATEMENTS AS REPORTED AT DEC. 31, 2011 (1)	REPURCHASE OF 1% OF CAPITAL AND CANCELLATION (EXCLUDING 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) (K€)	355 312	(2 740)	352 572	(0.8)%
Shareholders' equity (total consolidated) (K€)	356 093	(2 740)	353 353	(0.8)%
Net financial debt (K€) (2)	191 954	2 740	194 694	1.4%
Net income (Group share) (K€)	15 856	(60)	15 796	(0.4)%
Average weighted number of shares in circulation	8 577 535	(85 775)	8 491 760	(1.0)%
Net earnings per share (€)	1.85	(0,01)	1.86	0.6%
Average weighted number of shares in circulation, adjusted for dilutive instruments effect	8 577 535	(85 775)	8 491 760	(1.0)%
Net diluted earnings per share (€)	1.85	(0,01)	1.86	0.6%

(1) After closure of the accounts by the Board of Directors' meeting held on February 28, 2012, and subject to their approval by the Annual General Meeting of June 8, 2012.

(2) 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 subsidiaries of 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 TRADED	VALUE IN EUR MILLIONS
2011					
January	58.55	62.60	62.50	130 429	7.92
February	62.22	66.68	66.68	166 776	10.87
March	62.50	70.00	67.53	221 975	14.72
April	62.52	67.50	64.51	88 808	5.71
May	59.72	66.67	59.72	65 814	4.21
June	57.00	64.42	63.81	148 969	9.04
July	55.85	64.50	55.85	63 679	3.92
August	42.00	56.20	47.45	119 612	5.58
September	33.50	50.50	36.99	216 437	8.70
October	32.03	37.96	32.78	128 716	4.47
November	24.05	33.00	27.92	266 843	7.50
December	26.50	31.44	28.65	305 935	8.80
EXTREMES AND TOTALS IN 2011	**24.05**	**70.00**	**28.65**	**1 923 993**	**91.44**
2012					
January	26.00	30.20	28,24	256 342	7.08
February	28.00	35.27	32,80	324 311	10.19

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, 2011, 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	Jean-Pierre Vallée	November 29, 1993	May 19, 2006
	FSI represented by Jean Bensaïd	December 12, 2006 (1)	May 12, 2011
	Philippe Valletoux	May 11, 2007	
	Dominique Cyrot	August 30, 2011	

(1) Representative of predecessor shareholder (CDC) co-opted.

1.7.4. Directors' mandates and functions

At December 31, 2011, 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
Société Civile Amarosa	Manager
Altamir Amboise SCA	Chairman of the Supervisory Board

Jean Bensaïd :

Galaxy	Director, representative of CDC
SANEF	Permanent representative of CDC Infrastructure
EUTELSAT Communications SA	Permanent representative of CDC Infrastructure
HIME SAS	Chairman of the Supervisory Board, representative of FSI
GRT Gaz	Director since June 27, 2011
HIG	Director since June 27, 2011
SIG	Director since June 27, 2011

Philippe Valletoux :

HIME SAS	Member of the Supervisory Board
Société du parc du Futuroscope	Member of the Supervisory Board since January 14, 2011

Dominique Cyrot :

Safetic	Director since July 2011

In addition, over the past five fiscal years, certain senior officers of Séché Environnement serving their mandates in 2011 also held the following mandates:

Jean-Pierre Vallée :

BCB Rennes (35) (subsidiary of Lafarge Group)	Director until January 29, 2010
Simat (12) (subsidiary of Saint-Gobain Group)s	Director until January 31, 2010
Letulle Brevets et Modèles (76) (subsidiary of Saint-Gobain Group)	Director until January 31, 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'Investissements	Director until January 10, 2006

Jean Bensaïd :

TDF	Permanent representative of CDC Infrastructure until April 2010
MAP SUB	Chairman until April 2010
HIME SAS	Chairman until May 27, 2008
CDC Infrastructures	Director until October 24, 2008
CDC Holding finance	Director and Chief Executive until 2007
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, 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 only senior officer has been Joël Séché (Chairman and Chief Executive Officer).

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 officer benefits 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.

1.7.5.1.1. Joël Séché

Remuneration, options and shares allocated to Joël Séché

(IN EUROS)	2009	2010	2011
Remuneration due for the fiscal year (detail below)	425 663	424 525	425 109
Value of options allocated during the fiscal year	-	-	-
Value of performance shares allocated during the fiscal year	-	-	-
TOTAL	**425 663**	**424 525**	**425 109**

Breakdown of remuneration of Joël Séché

(IN EUROS)	2009		2010		2011	
	DUE	PAID	DUE	PAID	DUE	PAID
Fixed remuneration	400 000	400 000	400 000	400 000	400 000	400 000
Variable remuneration	-	-	-	-	-	-
Exceptional remuneration	-	-	-	-	-	-
Benefits in kind (1)	13 663	13 663	12 525	12 525	13 109	13 109
Directors' fees	12 000	12 000	12 000	12 000	12 000	12 000
TOTAL	**425 663**	**425 663**	**424 525**	**424 525**	**425 109**	**425 109**

(1) 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 the Company. 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)	2009	2010	2011
Joël Séché	12 000	12 000	12 000
CDC/FSI	12 000	12 000	12 000
Thérèse Bigeon	12 000	12 000	-
Dominique Cyrot	-	-	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;
- 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, attention is drawn to the fact that Fonds Stratégique d'Investissement (a subsidiary of Caisse des Dépôts et Consignations) is a shareholder of both Séché Environnement and HIME/Saur. This situation, combined with the stipulations of the shareholders' agreement concluded by Séché Environnement shareholders attributing a veto right to Fonds Stratégique d'Investissement on certain decisions, could potentially lead to a conflict of interest in a limited number of situations, especially in the current context of divergences between FSI and Séché Environnement within HIME/Saur.

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 2011 in France. 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 which implemented 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 products mentioned in this article of the French Commercial Code is given as required under the Order of April 30, 2002.

This commitment to transparency and to disclosing the most significant and relevant impacts of its activities led the Group to adopt the following rules in respect of the year 2011:

- the consolidation scope consists of the parent company Séché Environnement SA and its majority-controlled French subsidiaries which were fully consolidated at year-end 2011. No social or environmental data has been collected to date for international activities (which accounted for about 5.9% of 2011 revenues and 6.0% of employees).
- the Oléron incinerator entered the consolidation scope in the course of the year, but will only be included in the scope for environmental data in 2011 (these flows only having existed for part of the year). However, the Oléron incinerator has been included in data relative to employee numbers for 2011. Similarly, Senerval only entered the consolidation scope for environmental data in 2011.
- the environmental data in this report is extracted from declarations made regularly by the industrial sites to the competent government authorities (DREAL, DASS, water agencies) which oversee and regulate them. This data is derived from measurements carried out either internally (self-audits) or by certified organizations. The results of these measurements have been regularly reported for several years (5 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 observed 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 might 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 listed companies
Internal resources	ISO 9000	Production quality
	ISO 14001	Environmental management systems
	OHSAS 18001	Management of hygiene and safety

1.8.2. Environmental performance

In December 2010 French legislation transcribed into French law the European Framework Directive on the treatment of waste no. 2008/98/CE dated December 12, 2008. This brought about the recent modification of a number of French laws, decrees and orders, of which the last will be published in 2012.

The operating of waste treatment facilities is also codified by the European Framework Directive on Industrial Emissions (IED) dated November 24, 2010. This text brings together seven sectoral directives including those concerning large combustion plants, waste incineration, and the management of waste oils and titanium dioxide.

This Directive aims to be the pillar of European policy on waste management in all industrial sectors. It has led directly or indirectly to a number of regulatory modifications, including:

- the official list of different types of classified installation, with in particular Seveso status for waste treatment centres;
- IED will ultimately replace the IPPC Directive while further strengthening prevention of pollution at source, and enhancing the essential role of BREF documents.

In 2011, with the changes being made to the list of different types of waste treatment facilities, all such sites have had to file an application for anteriority, and in some cases, a further application stating the volumes to be taken into consideration for classification as a facility for protection of the environment (French ICPE) with a public service servitude (Seveso classification). 12 sites are concerned by this.

All these activities are contained in an official list, including all activities connected with waste treatment, principally under the regime of authorization. The latter is only granted following 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 (French departmental council for environmental, health and technological risks). Authorization is only 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 sites 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

	2009	2010	2011
GREENHOUSE GASES EMITTED IN CO_2 EQ			
Direct GHG emissions			
Incineration	412.3	452.8	690.8
Physiochemical activities	0.4	0.4	
Stabilization and storage (method of calculation changed in 2010)	366.9	137.6	147.4
Chemical recovery	9.0	9.7	9.1
Transportation	29.6	30.9	35.8
TOTAL	**818.2**	**631.4**	**883.1**
Indirect GHG emissions	***7.5***	***6.4***	***9.8***
GREENHOUSE GAS EMISSIONS AVOIDED IN KT CO_2 EQ			
GHG reduction (French benchmark)			
Steam and electricity	18.2	19.1	90.9
Biogas	91.6	91.9	73.7
TOTAL	**109.8**	**111.0**	**164.6**
EMISSIONS AVOIDED/DIRECT EMISSIONS IN KT CO_2 EQ			
French benchmark, in % (1MWh = 70 kg CO_2 eq)	***18.2%***	***17.6%***	***18.6%***
GHG Protocol benchmark (Annex I countries) in % (1MWh = 429 kg CO_2 eq)	***82.2%***	***107.7%***	***114.2%***
North American GHG Protocol benchmark in % (1MWh = 580 kg CO_2 eq)	***111.2%***	***145.7%***	***154.4%***
ENERGY CONSUMPTION			
TOTAL IN GWH/YEAR	**223.9**	**212.7**	**307.7**
kWh per tonne of waste treated	105.6	91.8	127.5

	2009	2010	2011
ENERGY PRODUCTION EXCLUDING WASTE			
Total in GWh/year	249.6	256.3	644.4
kWh per tonne of waste treated	117.7	110.6	267.0
ENERGY SELF-SUFFICIENCY RATE	**111.5%**	**120.5%**	**209.4%**
WATER CONSUMPTION			
Incineration	3 287	3 291	4 151
Other	240	248	267
TOTAL IN THOUSANDS OF M³	**3 527**	**3 539**	**4 418**
Specific consumption in m³ per tonne incinerated	6.4	6.2	5.2
Of which withdrawal of groundwater in thousands of m³	*3 054*	*3 054*	*3 883*
As a percentage of consumption	86.6%	86.3%	87.9%
ATMOSPHERIC EMISSIONS			
Nitrogen dioxides in tonnes of NO_2	***423.8***	***464.2***	***517.0***
Specific emissions in kg NO_2/tonne of waste incinerated	0.77	0.77	0.57
Sulphur dioxides in kg SO_2	***293***	***263***	***418***
Specific emissions in kg SO_2 /tonne of waste incinerated	100.1	101.9	89.7
Hydrochloric acid in tonnes of HCl	***6.8***	***3.9***	***6.6***
Specific emissions in g HCl/tonne of waste incinerated	5.5	0.9	0.6
Dust, in tonnes	***6.2***	***8.2***	***9.9***
Specific emissions in g dust/tonne of waste incinerated	7.4	8.1	7.8
Dioxins and furans in grams	***0.088***	***0,93***	***0.082***
Incineration (channelled sources) in tonnes	4.8	3.7	5.5
Chemical recovery, in tonnes	40.6	33.9	35.4
Other, in tonnes	4.6	2.4	1.5
TOTAL VOCS IN TONNES	**50.0**	**40.0**	**42.4**
RETURN FLOW OF WATER			
TOTAL IN THOUSANDS OF M³	**2 205**	**2 293**	**2 686**
As a percentage of consumption	***62.5%***	***64.8%***	***60.8%***
Contents in tonnes per year			
Soluble salts	4 503	4 837	5 114
DCO	1 179	1 205	782
Suspended solids	23,1	21.0	43.3
Total metals	1.4	2.3	1.9
METOX	4.3	5.0	6.5
Total nitrogen	22.4	16.3	19.6
AOX *(method of calculation changed in 2011 for incineration)*	3.1	3.1	0.6

	2009	2010	2011
CONSUMPTION OF MATERIALS			
Excluding internal recovery	75	111	90
External purchasing	114	139	173
TOTAL IN THOUSANDS OF TONNES	**189**	**250**	**263**
As a percentage of tonnage treated	*8.8%*	*10.8%*	*10.9%*
Percentage derived from waste	*39.7%*	*44.4%*	*34.2%*
MATERIALS RECOVERY			
Internally in the Group	75	111	90
Externally	128	96	170
TOTAL IN THOUSANDS OF TONNES	**208**	**207**	**260**
As a percentage of tonnage treated	*9.7%*	*8.9%*	*10.8%*
As a percentage of internal recovery	*36.1%*	*53.6%*	*34.6%*
WASTE SUMMARY			
HAZARDOUS WASTE – TOTAL IN THOUSANDS OF TONNES	**130**	**140**	**140**
As a percentage of tonnage treated	*6.0%*	*6.0%*	*5.8%*
NON-HAZARDOUS WASTE – TOTAL IN THOUSANDS OF TONNES	**46**	**44**	**46**
As a percentage of tonnage treated	*2.1%*	*1.9%*	*1.9%*
AREAS OCCUPIED PER ACTIVITY (IN HECTARES)			
Incineration	27.6	27.6	33.1
Physiochemical activities	12.0	12.0	12.0
Stabilization and storage	260.0	260.0	260.0
Chemical recovery	5.8	5.8	5.8
Sorting, recovery, transportation	22.3	22.3	22.3
TOTAL IN HECTARES	**327.6**	**327.6**	**333.0**

Work areas on industrial sites are 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 sites 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 can come into contact with the protective layer of clay.

1.8.2.2. Environmental expenditure tables

1.8.2.2.1. Breakdown by area

CHANGES IN RISK PROVISIONS

(IN THOUSANDS OF EUROS)	JAN. 1, 2011	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	-	272	-
Measures to counteract noise and vibrations	-	-	-
Protection of biodiversity and the landscape	-	-	-
Protection against radiation	-	-	-
Research and development	-	-	-
Other environmental protection activities	12 606	833	(704)
TOTAL	**12 606**	**1 105**	**(704)**

1.8.2.2.2. Breakdown by type of action

CHANGES IN RISK PROVISIONS

(IN THOUSANDS OF EUROS)	JAN. 1, 2011	ALLOCATIONS	WRITE-BACKS
Pre-treatment, treatment and disposal	-	-	-
Measurement and control	-	-	-
Recycling and recovery	-	-	-
Prevention of pollution	12 606	1 105	(704)
TOTAL	**12 606**	**1 105**	**(704)**

AND ENVIRONMENTAL EXPENSES			OPERATING EXPENSES	INVESTMENTS	TOTAL EXPENSES
WRITE-BACKS NOT USED	OTHER CHANGES	DEC. 31, 2011	UNPROVISIONED EXPENSES	CAPITALIZED EXPENSES	DEC. 31, 2011
-	-	-	41	271	312
-	-	-	-	166	166
-	-	-	-	-	-
-	-	272	-	93	366
-	-	-	-	-	-
-	-	-	22	-	22
-	-	-	-	-	-
-	-	-	-	-	-
(2 891)		17 034		45	3 769
(2 891)		**17 306**	**63**	**575**	**4 634**

AND ENVIRONMENTAL EXPENSES			OPERATING EXPENSES	INVESTMENTS	TOTAL EXPENSES
WRITE-BACKS NOT USED	OTHER CHANGES	DEC. 31, 2011	UNPROVISIONED EXPENSES	CAPITALIZED EXPENSES	DEC. 31, 2011
-	-	-	-	220	220
-	-	-	63	90	154
-	-		-	-	-
(2 891)	-	17 306	-	264	4 260
(2 891)	**-**	**17 306**	**63**	**575**	**4 634**

1.8.3. Social Data

1.8.3.1. Human resources

1.8.3.1.1. Headcount at December 31

	2009	2010	2011
Séché Environnement (parent company)	26	25	**29**
Fully consolidated French subsidiaries	1 377	1 464	**1 531**
SUB-TOTAL (SCOPE DEFINED IN NEW ECONOMIC REGULATIONS (NRE) LAW)	*1 403*	*1 489*	**1 560**
Proportionately consolidated French subsidiaries	7	7	**10**
Foreign subsidiaries	100	99	**101**
TOTAL GROUP HEADCOUNT AT DEC. 31	**1 510**	**1 595**	**1 671**

1.8.3.1.2. Headcount in France

	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
HEADCOUNT FRANCE AT YEAR-END									
By category									
Ratio of men to women	*73.8%*	*26.2%*		*75.3%*	*24.7%*		*76.7%*	*23.3%*	
Executives	181	74	**255**	204	73	**277**	213	76	**289**
Supervisors	265	117	**382**	261	109	**370**	326	109	**435**
Employees	109	141	**250**	140	144	**284**	115	146	**261**
Workers	480	36	**516**	520	38	**558**	543	32	**575**
TOTAL HEADCOUNT AT DEC. 31	**1 035**	**368**	**1 403**	**1 125**	**364**	**1 489**	**1 197**	**363**	**1 560**
In full-time equivalent	1 011	344	**1 355**	1 110	346	**1 456**	1 193	349	**1 542**
BY TYPE OF CONTRACT									
Permanent contract	1 005	348	**1 353**	1 076	341	**1 417**	1 153	343	**1 496**
Fixed-term contract	30	20	**50**	49	23	**72**	44	20	**64**
TOTAL HEADCOUNT AT DEC. 31	**1 035**	**368**	**1 403**	**1 125**	**364**	**1 489**	**1 197**	**363**	**1 560**
% of fixed-term contracts to total headcount	*2.9%*	*5.4%*	**3.6%**	*4.4%*	*6.3%*	**4.9%**	*3.7%*	*5.5%*	**4.1%**

	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
WORKFORCE CHANGES OVER THE YEAR									
Number of recruitments									
Permanent contracts	28	8	**36**	59	14	**73**	129	15	**144**
Fixed-term contracts	33	13	**46**	55	20	**75**	55	20	**75**
TOTAL	**61**	**21**	**82**	**114**	**34**	**148**	**184**	**35**	**219**
Ratio of men to women	*74.4%*	*25.6%*		*77.0%*	*23.0%*		*84.0%*	*16.0%*	
Number of departures									
End of fixed-term contract			**39**			**36**			**57**
Resignations and departures during trial period			**18**			**25**			**23**
Dismissals			**23**			**10**			**16**
Internal transfers			**14**			**11**			**5**
Retirements and early retirements			**10**			**13**			**2**
Negotiated departures			**11**			**19**			**22**
Average monthly headcount			**1**			**5**			**1**
TOTAL			**116**			**119**			**126**
AVERAGE MONTHLY HEADCOUNT	*1 045*	*366*	*1 411*	*1 089*	*362*	*1 451*	*1 159*	*368*	*1 527*

1.8.3.2. Remuneration

In 2011, the total gross wage bill, excluding employers' pension, social security and other employers' contributions amounted to EUR 56.4 million, against EUR 51.2 million in 2010, an increase of + 10.1% (mainly due to full-year figures for Senerval in 2011, versus only 6 months in 2010).

REMUNERATION OF PERMANENT STAFF 2011

IN TERMS OF THE ANNUAL SOCIAL SECURITY CEILING	MEN PAYROLL IN €K	MEN	WOMEN PAYROLL IN €K	WOMEN	TOTAL PAYROLL IN €K	TOTAL
≤ 0.6 x SS Ceiling (≤ €21 211)	62	3	80	4	**143**	**7**
> 0.6 x SS Ceiling (> €21 211)	5 335	210	1 604	65	**6 939**	**275**
> 0.8 x SS Ceiling (> €28 281)	8 827	284	2 281	77	**11 108**	**361**
> 1 x SS Ceiling (> €35 352)	6143	159	1678	46	**7 822**	**205**
> 1.2 x SS Ceiling (> €42 422)	6 636	142	1 090	23	**7 727**	**165**
> 1.5 x SS Ceiling (> €53 028)	1 815	32	626	11	**2 441**	**43**
> 1.8 x SS Ceiling (> €63 634)	1 385	21	330	5	**1 716**	**26**
> 2 x SS Ceiling (> €70 704)	2 777	36	544	7	**3 322**	**43**
> 2.5 x SS Ceiling (> €88 380)	5 667	42	557	4	**6 224**	**46**
	38 651	**929**	**8 795**	**242**	**47 447**	**1 171**

REMUNERATION OF PERMANENT STAFF 2010

IN TERMS OF THE ANNUAL SOCIAL SECURITY CEILING	MEN PAYROLL IN €K	MEN	WOMEN PAYROLL IN €K	WOMEN	TOTAL PAYROLL IN €K	TOTAL
≤ 0.6 x SS Ceiling (≤ €20 585)	61	3	164	8	**225**	**11**
> 0.6 x SS Ceiling (> €20 585)	5 288	211	1 622	66	**6 910**	**277**
> 0.8 x SS Ceiling (> €27 446)	5 735	186	1 732	56	**7 466**	**242**
> 1 x SS Ceiling (> €34 308)	5 367	142	1 168	31	**6 535**	**173**
> 1.2 x SS Ceiling (> €41 170)	5 075	111	984	21	**6 059**	**132**
> 1.5 x SS Ceiling (> €51 462)	1 954	34	346	6	**2 300**	**40**
> 1.8 x SS Ceiling (> €61 754)	848	13	257	4	**1 105**	**17**
> 2 x SS Ceillng (> €68 616)	2 110	28	306	4	**2 415**	**32**
> 2.5 x SS 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

	MEN		WOMEN		TOTAL	
IN TERMS OF THE ANNUAL SOCIAL SECURITY CEILING	PAYROLL IN €K		PAYROLL IN €K		PAYROLL IN €K	
≤ 0.6 x SS Ceiling (≤ €20 585)	339	17	153	8	**493**	**25**
> 0.6 x SS Ceiling (> € 20 585)	5 520	225	1 775	74	**7 295**	**299**
> 0.8 x SS Ceiling (> € 27 446)	6 706	219	1 835	60	**8 542**	**279**
> 1 x SS Ceiling (> €34 308)	5 249	140	924	25	**6 173**	**165**
> 1.2 x SS Ceiling (> €41 170)	4 435	99	1 117	25	**5 553**	**124**
> 1.5 x SS Ceiling (> €51 462)	1 970	35	330	6	**2 301**	**41**
> 1.8 x SS Ceiling (> €61 754)	1 365	21	376	6	**1 741**	**27**
> 2 x SS Ceiling (> €68 616)	1 933	26	372	5	**2 306**	**31**
> 2.5 x SS Ceillng (> €85 770)	4 598	36	620	5	**5 219**	**41**
	32 120	**818**	**7 506**	**214**	**39 627**	**1 032**

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

	2009			2010			2011		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
EMPLOYEE REPRESENTATION									
Number of representatives									
Union representatives	19	2	**21**	15	8	**23**	18	3	**21**
Employee representatives	37	7	**44**	19	9	**28**	20	2	**22**
Members of the CHSCT (1)	ND	ND	**35**			**37**	14	3	**17**
Members of works councils	24	8	**32**	26	22	**48**	16	5	**21**
Members of central works councils	10	4	**14**				5	2	**7**
Individual staff delegates	20	11	**31**	32	13	**45**	18	10	**28**
Number of meetings of:									
Employee representatives						**41**			**50**
CHSCT (1)									**46**
Works councils			**17**			**20**			**45**
Central works councils			**10**						**16**
Individual staff delegates			**57**			**58**			**35**
Grants to works councils									
As a % of payroll			***1.46%***			***1.16%***			***1.18%***
SKILLS DEVELOPMENT									
Number of training sessions									
Executives	91	81	**172**	144	65	**209**	269	112	**381**
Supervisors	484	146	**630**	507	138	**645**	872	204	**1 076**
Employees	233	74	**307**	313	82	**395**	214	127	**341**
Workers	507	12	**519**	456	16	**472**	768	40	**808**
TOTAL	**1 315**	**313**	**1 628**	**1 420**	**301**	**1 721**	**2 123**	**483**	**2 606**
Ratio men to women	*80.8%*	*19.2%*		*82.5%*	*17.5%*		*81.5%*	*18.5%*	
Number of hours of training									
Executives	1 182	1 078	**2 260**	1 380	599	**1 979**	2 517	1 019	**3 536**
Supervisors	4 065	2 087	**6 152**	3 587	1 390	**4 977**	5 836	1 430	**7 266**
Employees	1 977	447	**2 424**	1 803	966	**2 769**	2 047	764	**2 811**
Workers	5 864	246	**6 110**	5 207	190	**5 397**	5 575	241	**5 816**
TOTAL	**13 088**	**3 858**	**16 946**	**11 977**	**3 145**	**15 122**	**15 975**	**3 454**	**19 429**
Ratio men to women	*77.2%*	*22.8%*		*79.2%*	*20.8%*		*82.2%*	*17.8%*	
Breakdown of training (in %)									
Environment, quality, security			**58%**			**62%**			**54%**
Job-specific			**20%**			**15%**			**36%**
Management and communication			**8%**			**11%**			**2%**
Management and administration			**6%**			**7%**			**2%**
Other			**8%**			**5%**			**6%**
Training expenses									
As a % of total payroll			**1.63**			**1.46**			**1.66**
Individual training entitlements: accumulated hours not used	101 536	30 962	**132 498**	107 634	31 389	**139 023**	108 354	27 932	**139 023**

(1) Hygiene, safety and working conditions committee.

WORKING TIME AND OVERTIME	2009 FIXED	2009 ALTERNATING	2009 TOTAL	2010 FIXED	2010 ALTERNATING	2010 TOTAL	2011 FIXED	2011 ALTERNATING	2011 TOTAL
STAFF WORKING IN SHIFTS									
2 shifts	8	115	**123**	44	121	**165**	18	115	**133**
3 shifts	6	52	**58**		105	**105**		68	**68**
> 3 shifts	118	96	**214**	83	112	**195**		287	**287**
TOTAL	**132**	**263**	**395**	**127**	**338**	**465**	**18**	**470**	**488**
Ratio of shift workers to total headcount			***28.2%***			***31.5%***			***31.3%***
AVERAGE WORK WEEK			***35 HOURS***			***35 HOURS***			***35 HOURS***
Overtime									
Number of hours over the year			**32 588**			**31 903**			**39 580**
Estimated as a % of total theoretical hours			**1.3%**			**1.2%**			**1.4%**
Temporary employment									
Average headcount in full time equivalent			**117**			**160**			**121**
Ratio of temporary employees to average headcount			**8.3%**			**10.8%**			**7.8%**

	2009	2010	2011
EMPLOYMENT OF HANDICAPPED WORKERS			
Number of handicapped workers employed by the Group	32 beneficiary units (of which 8 women)	40 beneficiary units (of which 9 women)	38 beneficiary units (of which 7 women)
Subcontracting with protected sector (job equivalents)	1.45	1.89	5.93
ABSENTEEISM			
TOTAL ABSENTEEISM RATE	**7.23%**	**6.75%**	**7.02%**
Reasons			
Illness	5.08%	4.39%	4.78%
Occupational and commuting accidents	0.59%	0.54%	0.43%
Maternity leave	0.59%	0.85%	0.59%
Other	0.97%	0.97%	1.22%
ABSENTEEISM RATE EXCLUDING MATERNITY LEAVE	**6.64%**	**5.90%**	**6.43%**
WORK-RELATED ACCIDENTS			
Frequency rate (FR), incl. temporary workers	30.5	24.8	21.2
Severity rate (SR)	0.9	0.7	0.8

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 (87% of employees live less than 50 km from their workplace) and by indirect job creation 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). Indirect job creation in local communities should be added to these direct effects, in the transport, hotels and restaurant services which the Group regularly uses, although 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 a spirit of partnership or at least complementarity with major active non-governmental organizations (NGOs), especially in the fields 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.
In 2011, an agreement was signed with the French League for the protection of birds (LPO) on the occasion of the latter's centenary.

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

The identification and value analysis of an environment, including appraisal of its bio-diversity, must make it possible to reconcile as far as possible the management of so-called natural areas, on the one hand, with areas for industrial or domestic use, on the other, 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 areas classified Natura 2000 or situated 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 adopted in the past several years. In line with our aim of continuous improvement, new ecosystem monitoring programmes for other fauna groups are currently being implemented.

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 answer 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, being situated in rural areas, tend to be the most appropriate for this purpose.

Finally, the Group continues to develop privileged relationships with higher education estabblishments 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 the sorting, treatment and storage of waste in France, and for entities involved in decontamination and other services on the customer's premises. This applies both 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 equipment. 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, including Speichim Processing in Saint-Vulbas, have implemented a safety management system (SMS) in compliance with statutory requirements. The principles of this are replicated or adapted to other situations for use elsewhere within the Group;
- operatives' qualifications and professionalism are strengthened through employee training programmes, the "safety welcome" orientation which every new operative must complete, and the regular involvement, at all levels of the company, in "safety quarter-hours", meetings and visits;
- certified Quality, Environment and Safety management systems on all sites and for all activities. At the end of 2011, the Group possessed, in France:
  - 9 "Integrated Management Systems" (IMS) certifications: ISO 9001, ISO 14001 and OHSAS 18001 (of which 1 multi-site: 2);
  - 19 ISO 14001 sites (of which 8 in IMS and 2 sites in multi-site);

- 15 OHSAS 18001 sites (of which 8 in IMS and 2 sites in multi-site);
- 16 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 feed into a multi-year progress and risk management programme featuring the sharing of experiences regarding control and prevention, and work groups and interventions by external experts:

• methodologies 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, customers, 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 activities, ensuring full regulatory compliance continues to be a prerequisite. Compliance must be fully considered and accompanied by technical updating. For this, 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 (BAT), BREF (Best Available Technique Reference documents), 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 safety measures are regularly subjected to multiple scenarios. Thus, systems in place have been defined and enhanced 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 simulation exercises were performed in 2011 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-fighting 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 2011, and after noting the recognition of net income of EUR 41 638 367.76, to approve the following appropriation and distribution of earnings proposed by the Board of Directors:

- distribution of EUR 11 225 331;
- allocation of EUR 30 413 036.76 to retained earnings.

The dividend payment to be distributed for the year would therefore be set at EUR 1.30 per share. This dividend entitles French individual shareholders to a 40% personal income tax reduction (i.e. EUR 0.52 per share). The dividend would be paid out on or after June 11, 2012.

1.9.2. Dividends

Payment of dividends

Dividends are paid annually at the time and places stipulated by the Annual General Meeting, in the 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.

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 personal income tax reductions:

FISCAL YEAR	DIVIDEND	PERSONAL INCOME TAX REDUCTION
2008	1.30 €	40%
2009	1.30 €	40%
2010	1.30 €	40%

1.10. TABLE OF THE RESULTS OF THE LAST FIVE YEARS

(IN EUROS)	2007	2008	2009	2010	2011
FINANCIAL POSITION AT YEAR-END					
Share capital	1 726 974	1 726 974	1 726 974	1 726 974	1 726 974
Number of outstanding ordinary shares	8 634 870	8 634 870	8 634 870	8 634 870	8 634 870
Total earnings from actual operations					
Revenues excluding taxes	15 552 357	14 723 434	13 156 722	14 683 448	12 989 543
Income before taxes, profit-sharing, amortization and provisions	19 613 853	35 918 789	39 431 380	41 316 461	44 145 678
Corporation tax	(2 568 183)	(1 100 429)	748 062	2 583 433	1 718 231
Employee profit-sharing for the year	-	-	-	-	-
Income after taxes, profit-sharing, amortization and provisions	21 133 479	32 953 609	39 959 705	42 900 877	41 638 368
Amount of income distributed (1)	11 225 331	11 225 331	11 225 331	11 225 331	11 225 331
INCOME FROM OPERATIONS, PER SHARE					
Income from operations after taxes, profit-sharing, but before amortization and provisions	2.57	4.29	4.48	4.49	4.91
Income after taxes, profit-sharing, amortization and provisions	2.45	3.82	4.63	4.97	4.82
Dividend paid (1)	1.30	1.30	1.30	1.30	1.30
Tax credit/reduction	0.52	0.52	0.52	0.52	0.52
HEADCOUNT AND PAYROLL					
Number of employees	48	42	25	25	29
Amount of total payroll	3 564 078	4 038 791	2 768 212	2 592 260	2 884 815
Amount of benefits paid	1 519 719	1 581 229	1 101 746	1 054 263	1 191 603

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

CHAPTER 2

FINANCIAL DATA

2.1. CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2011

2.1.1. Consolidated balance sheet

(IN THOUSANDS OF EUROS)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011	NOTE
Goodwill	212 874	212 875	212 875	1.1
Intangible fixed assets included in concessions	-	370	2 055	
Other intangible fixed assets	5 173	6 863	6 914	1.2
Property, plant and equipment	154 994	155 014	170 385	2.1
Investments in affiliates	61 119	33 926	552	3
Non-current financial assets	137 891	147 350	161 061	4
Hedging instruments – non-current assets	-	-	-	4.3
Other non-current assets	0	1 759	1 291	4
Deferred tax assets	19 877	17 110	14 995	6
NON-CURRENT ASSETS	***591 928***	***575 268***	***570 128***	
Inventories	7 769	8 018	9 737	
Trade and other receivables	106 319	112 665	116 288	
Corporation tax receivables	3 551	-	2 572	
Current financial assets	124	88	76	
Hedging instruments – current assets	-	-	-	4.3
Other current assets	18 642	12 372	17 738	4
Cash and cash equivalents	19 108	43 431	24 686	4.1.3
CURRENT ASSETS	***155 513***	***176 574***	***171 097***	
TOTAL ASSETS	**747 441**	**751 842**	**741 225**	
Share capital	1 727	1 727	1 727	8
Additional paid-in capital	299 079	299 079	299 079	9
Reserves	33 068	40 600	38 651	10
Net income (Group share)	24 851	27 366	15 856	
Shareholders' equity (Group share)	358 725	368 772	355 312	
Minority interests	960	955	781	
TOTAL SHAREHOLDERS' EQUITY	***359 685***	***369 727***	***356 093***	
Non-current financial debt	233 151	193 716	43 740	4.2.1
Hedging instruments – non-current liabilities	3 562	1 984	3 491	4.3
Employee benefits	134	169	192	5.3
Deferred tax liabilities	27	32	14	6
Other non-current provisions	3 549	2 653	3 270	5
Other non-current liabilities	238	1 350	251	4.2.2
NON-CURRENT LIABILITIES	***240 661***	***199 904***	***50 958***	
Current financial debt	31 195	44 648	172 899	4.2.1
Hedging instruments – current liabilities	1 689	609	304	4.3
Current provisions	13 398	17 081	24 917	5
Taxes payable	596	4 610	218	
Other current liabilities	100 216	115 263	135 835	4.2.2
CURRENT LIABILITIES	***147 095***	***182 211***	***334 174***	
TOTAL LIABILITIES	**747 441**	**751 842**	**741 225**	

With effect from January 1, 2011, because of the time lag between the date of committing to expenditure incurred for future major maintenance and/or repairs to assets included in concessions, and the actual occurrence of such expenses, these are recorded under accrued expenses in the category of other current liabilities (liabilities for the renewal of assets included in concessions), instead of under current provisions. For comparability purposes, provisions booked at the end of 2009 and the end of 2010 for these items (respectively EUR 125 K and EUR 903 K) have been reclassified under "other current liabilities".

2.1.2. Consolidated income statement

(IN THOUSANDS OF EUROS)	NOTE	2009	2010	2011
Revenue	12	365 666	402 122	424 158
Other business income		2 103	4 239	6 090
Transfers of expenses		2 721	3 443	3 373
Purchases used for operational purposes		(47 629)	(55 415)	(63 622)
Other purchases and outside expenses		(111 978)	(131 778)	(147 252)
Taxes other than on income		(30 621)	(33 312)	(31 803)
Employee benefits expenses		(82 784)	(85 594)	(93 507)
EBITDA	*13*	*97 479*	*103 704*	*97 438*
Expenses for rehabilitation and/or maintenance of sites included in concessions		(957)	(3 086)	(7 525)
Other net operating expenses		(581)	(1 024)	(535)
Net allocations to provisions	14.2	(565)	(1 293)	22
Net allocations to amortization	14.3	(31 970)	(31 414)	(32 038)
CURRENT OPERATING INCOME	*14.1*	*63 406*	*66 887*	*57 362*
Income on sales of fixed assets		312	467	(609)
Impairment of assets		(246)	(2 083)	-
Consolidation scope variation effects		-	(4 854)	(891)
Other operating income and expenditure		-	14	(682)
OPERATING INCOME	**15**	**63 472**	**60 431**	**55 180**
Income from cash and cash equivalents		13 495	14 697	14 705
Gross financial borrowing costs		(10 954)	(8 972)	(7 371)
COST OF NET FINANCIAL DEBT		*2 541*	*5 725*	*7 334*
Other financial income	16.2	12 099	2 832	8 765
Other financial expenses		(12 140)	(1 665)	(7 781)
FINANCIAL INCOME	**16.1**	**2 500**	**6 892**	**8 318**
Corporation tax	17	(18 210)	(21 226)	(19 489)
INCOME OF CONSOLIDATED COMPANIES		**47 762**	**46 097**	**44 010**
Share of income of affiliates		(22 903)	(19 201)	(28 326)
NET INCOME BEFORE INCOME FROM DISCONTINUED OPERATIONS		**24 859**	**26 896**	**15 684**
Discontinued operations		-	-	-
NET INCOME OF CONSOLIDATED COMPANIES		**24 859**	**26 896**	**15 684**
Of which minority interests		*8*	*(470)*	*(172)*
Of which attributable to equity holders of the parent		*24 851*	*27 366*	*15 856*
Net earnings per share		2.90 €	3.19 €	1.85 €
Diluted earnings per share		2.90 €	3,19 €	1.85 €

With effect from January 1, 2011:

- contributions paid to outside organizations in respect of covering end-of-career payment commitments are booked under employee benefit expenses rather than under external expenses. For comparability purposes, these items for 2009 and 2010 have been restated, respectively as EUR 870 K and EUR 1 159 K.
- expenses incurred, on the one hand for future major maintenance and/or repairs to assets included in concessions, and on the other for site rehabilitation and long-term monitoring, have been reclassified on a separate line of current operating income (instead of under miscellaneous external expenses). For comparability purposes, EBITDA for the years 2009 and 2010 has been restated, respectively as EUR 954 K and EUR 2 307 K.
- a new line, consolidation scope variation effects, has been created under operating income for the purpose of recording the impacts of business combinations. Concerning the year 2010, this line records the impact of first application of amended IFRS 3.

2.1.3. Statement of net income and profits and losses directly recognized in equity

(IN THOUSANDS OF EUROS)	2009	2010	2011
Foreign currency differences	(938)	(28)	(909)
Change in fair value of financial hedging instruments	(374)	2 432	(1 279)
Change in fair value of available-for-sale financial assets	(300)	(141)	(221)
Share of profits and losses of affiliates booked directly under shareholders' equity and accounted for by the equity method	(5 612)	(7 822)	(15 989)
Tax effects	128	(837)	440
SUB-TOTAL OF GAINS AND LOSSES BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY	***(7 096)***	***(6 396)***	***(17 958)***
NET INCOME FOR THE PERIOD	***24 859***	***26 896***	***15 684***
NET INCOME AND PROFITS AND LOSSES BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY	**17 763**	**20 500**	**(2 274)**
Attributable to equity holders of the parent company	*17 755*	*20 970*	*(2 102)*
Attributable to minority interests	*8*	*(470)*	*(172)*

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 DEC. 31, 2008	*1 727*	*299 078*	*(3 341)*
Profits and losses booked directly in equity			
Net income at Dec 31., 2009			
Net income and profit and losses booked directly in equity			
Dividends paid			
Treasury stock			(66)
Other changes			
SHAREHOLDERS' EQUITY AT DEC. 31, 2009	*1 727*	*299 078*	*(3 407)*
Profits and losses booked directly in equity	-	-	-
Net income at Dec 31., 2010	-	-	-
Net income and profit and losses booked directly in equity	**-**	**-**	**-**
Dividends paid	-	-	-
Treasury stock	-	-	237
Other changes	-	-	-
SHAREHOLDERS' EQUITY AT DEC. 31, 2010	*1 727*	*299 078*	*(3 170)*
Profits and losses booked directly in equity			
Net income at Dec 31., 2011			
Net income and profit and losses booked directly in equity			
Dividends paid			
Treasury stock			(178)
Other changes			
SHAREHOLDERS' EQUITY AT DEC. 31, 2011	*1 727*	*299 078*	*(3 348)*

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 SHARE-HOLDERS' EQUITY
NOTE 10				
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*
	(17 958)	**(17 958)**		**(17 958)**
15 856		**15 856**	(172)	**15 684**
15 856	**(17 958)**	**(2 102)**	**(172)**	**(2 274)**
(11 145)		**(11 145)**	(1)	**(11 146)**
		(178)		**(178)**
(36)		**(36)**	(1)	**(37)**
119 045	*(61 190)*	*355 313*	*781*	*356 093*

2.1.5. Consolidated statement of cash flows

(IN THOUSANDS OF EUROS)	2009	2010	2011
INCOME OF CONSOLIDATED COMPANIES	**47 762**	**46 097**	**44 010**
Elimination of income and expenses with no cash impact or not related to operating activities:			
- Amortization and provisions	24 114	35 272	22 726
- Net capital gains on disposals	7 337	572	7 404
- Deferred taxes	2 978	1 938	2 692
- Other income and expenses	(277)	3 470	434
CASH FLOW FROM OPERATING ACTIVITIES	***81 915***	***87 349***	***77 267***
Corporation tax	15 232	19 288	16 796
Cost of gross financial debt before long-term investments	(2 576)	(5 880)	(7 289)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE TAXES AND FINANCING COSTS	***94 570***	***100 757***	***86 774***
Change in working capital requirement	(4 423)	3 981	11 338
Tax paid	(18 051)	(11 731)	(23 584)
NET CASH FLOW FROM OPERATING ACTIVITIES	**72 096**	**93 007**	**74 529**
Cost of acquisition of fixed assets	(30 302)	(29 215)	(51 754)
Proceeds from disposals of fixed assets	442	2 239	1 607
Outflows for acquisitions of financial investments	(454)	(1 084)	(427)
Inflows from disposals of financial investments	5 119	5 545	336
Net cash outflows for acquisitions of subsidiaries	(966)	-	(224)
Net cash inflows from disposals of subsidiaries	1 061	(56)	-
NET CASH FLOW FROM INVESTMENT ACTIVITIES	**(25 100)**	**(22 571)**	**(50 462)**
Dividends paid to equity holders of the parent	(11 130)	(11 151)	(11 145)
Dividends paid to minority shareholders of consolidated companies	(1)	(1)	(1)
Capital increase in cash	-	-	-
Treasury stock movements	1	237	(333)
Changes in other shareholders' equity	-	(6)	2
Borrowings	15 169	5 498	21 643
Repayment of borrowings	(19 753)	(32 309)	(46 066)
Interest paid	(10 726)	(8 544)	(6 891)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(26 440)**	**(46 276)**	**(42 793)**
TOTAL CASH FLOW FOR THE PERIOD	**20 556**	**24 160**	**(18 725)**
Cash and cash equivalents at beginning of year	(1 832)	18 622	42 849
Cash and cash equivalents at end of year (1)	18 622	42 849	24 005
Effect of changes in foreign exchange rates	(102)	67	(118)
(1) Of which:			
Cash and cash equivalents	*19 108*	*43 431*	*24 686*
Short-term bank borrowings (current financial liabilities)	*(486)*	*(582)*	*(681)*

With effect from January 1, 2011, because of the time lag between the date of committing to expenditure incurred for future major maintenance and/or repairs to assets included in concessions, and the actual occurrence of such expenses, these are recorded under accrued expenses in the category of other current liabilities (liabilities for the renewal of assets included in concessions), instead of under current provisions. For comparability purposes, the figures for previous years have been restated. For data for the year 2010, an amount of EUR 779 K has been reclassified between provisions and WCR. No such reclassification was necessary concerning the figures for 2009.

2.1.6. Notes to the 2011 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 endorsed 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, 2011, the Group applied the new standards and interpretations which came into compulsory effect on January 1, 2011.

In particular, the Group applied the following:

- IFRS 7 "disclosure of information relating to transfers of financial assets without effect on financial statements";
- IFRS 24R and IAS 2;
- IFRIC 19 and the amendment IFRIC 14.

In preparing the financial statements for the period ended December 31, 2011, 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 April 19, 2012 and will be submitted for approval to the next Annual General Meeting. Financial data is presented in euros rounded to the nearest thousand.
The financial statements have been prepared on the historical cost basis, except for derivative instruments which are 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 any such valuation processes, estimates and underlying assumptions are continuously reviewed. Actual future results from these operation 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, 2011.

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, and 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 entity 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. 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 2011 was not marked by any significant change in scope. Therefore, the consolidation scope for the year 2011 being identical to that of the year 2010, accounts for these two periods are comparable.

With effect from January 1, 2011:

- contributions paid to outside organizations in respect of covering end-of-career payment commitments are booked under employee benefit expenses rather than under external expenses;
- expenses incurred, on the one hand, for future major maintenance and/or repairs to assets included in concessions, and on the other for site rehabilitation and long-term site monitoring, are henceforth booked on a separate line under current operating income (instead of under miscellaneous external expenses);
- the effects of the time lag between the date of committing to expenditure incurred for future major maintenance and/or repairs to assets included in concessions, and the actual occurrence of such expenses, are recorded under accrued expenses in the category of other current liabilities (liabilities for the renewal of assets included in concessions), instead of under current provisions;
- a new line, consolidation scope variation effects, has been created under current operating income for the purpose of recording the impacts of business combinations. Concerning the year 2010, this line records the impact of first application of amended IFRS 3.

Point 7 - Sector information

The CODM (chief operating decision maker) has access to financial data for each legal entity. These legal entities variously 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. 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

The Group did not implement any changes in accounting valuation methods.

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 an entity, and the fair value of that entity'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 reassessed 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 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 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 prescribed by 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 historical 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.

Amortization is determined on a straight-line basis according to the useful life of each item of property, plant or equipment. Amortization is calculated based on the book value of the asset, where appropriate net of residual value.

PROPERTY, PLANT AND EQUIPMENT	AMORTIZATION PERIOD (IN YEARS)
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 amortized according to the duration and method applied to equivalent goods owned by consolidated companies. However, where lease contracts do not provide for the certain 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;
- 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 is 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 3 fiscal years excluding the current fiscal year, with years 4 and 5 being projected as identical to year 3. Like budgets, these business plans are drawn up based on the most accurate operational information available regarding past experience and trends in markets and techniques, and are reviewed by Group management to ensure consistency with existing strategy and the resulting investment policy;
- a terminal value is calculated for the sixth year, using year 5 flows on the basis of a growth rate to perpetuity of 2.06%;
- the discount rate used is 7.06%, 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 concessionaire of public services. The contracts concerned (currently executed by Bearn Environnement, Valaudia and Senerval) provide for transfer by the grantors of the right to operate certain dedicated infrastructures in exchange for remuneration. These infra-structures 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 amortized on a straight-line basis over the useful life of the infrastructures generating the right;
- 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 stated in point 18 "Accounting treatment of revenues" of this 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 received are booked directly as revenue 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 bank loans, and operating debts;
- mixed and derivative financial instruments: convertible bonds, subscription options, cash flow hedging instruments.

These are 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 of 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 customer accounts receivable and other operating receivables (fiscal, social, and other).

This asset category is recorded at fair value when initially booked (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 symmetrically to 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 optionally from a variable rate to a fixed raten. When the options is 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 symmetrically to any 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 in the income statement.

Hybrid financial instruments

The Group's assets include hybrid financial assets in the form of 14 743 080 HIME convertible bonds, considered as hybrid financial instruments, representing 33% of all bonds issued by HIME.

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 derivative component), over the current interest period running from 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). If Séché Environnement exercised alone its conversion right, its holding in HIME would rise to 36.9% of the share capital. Inversely, if all the shareholders of HIME except Séché Environnement exercised their conversion right, Séché Environnement's holding in HIME would fall to 29.3%.

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

At the outset, the bond component and the derivative component were determined symmetrically to those identified by HIME as issuer (debt and shareholders' equity component):

- the bond component of the instrument was booked according to the nature of the financial instrument itself, as an available-for-sale financial asset, for an initial amount of EUR 106 million.
- the derivative component 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 component, the bond component 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 determined 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 then 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, and site rehabilitation 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 granted 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

These are booked on the basis of the most likely assumptions.

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 its subsidiaries 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;

	2009	2010	2011
Turnover	between 2% and 8%	between 3% and 8%	between 3.5% and 7.5%
Reassessment of salaries	between 3% and 6%	between 3.5% and 5.0%	between 3.5% and 5.0%

- a discount rate of 4.71 %;
- 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, with the following exceptions:

- 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 the income statement 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, and is renewable automatically for further periods of five years. 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

In general, 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 company by 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, having due regard to the prospects for its activities and the tax regulations in force, and subject to a maximum horizon of seven 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 from sales 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 notes.

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, accretion of provisions and impairments on financial assets.

2.1.6.2. Consolidation scope

2.1.6.2.1. Parent company

Séché Environnement

A French limited company (Société Anonyme) with share capital of EUR 1 726 974.

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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	Etampes (France)	384 545 281	100.00	Full
Drimm	Montech (France)	339 278 871	100.00	Full
Séche 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
Sénergies	Changé (France)	306 919 535	80.00	Full
SCI LCDL	Changé (France)	410 629 752	99.80	Full
SCI Le Honry	Changé (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
Senerval	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	Saint Vulbas (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
SAEM Transval	Saint Georges les Baillargeaux (France)	539 131 698	35.00	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. At December 31, these concerned only companies undergoing liquidation.

(IN THOUSANDS OF EUROS)	% HELD BY GROUP	SHARE CAPITAL	LATEST PROFIT OR LOSS	FAIR VALUE OF SHAREHOLDING
TRADING COMPANIES				
Tredi New Zealand (1)	100.00%	NC	NC	-

(1) 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, 2009	228 395	10 373	**238 768**
Changes in consolidation scope	-	-	-
Increases	1	-	1
Decreases	-	-	-
Dec. 31, 2010	228 396	10 373	**238 769**
Changes in consolidation scope	-	-	-
Increases	-	-	-
Decreases	-	-	-
Dec. 31, 2011	**228 396**	**10 373**	**238 769**
IMPAIRMENT			
Dec. 31, 2009	(20 220)	(5 674)	**(25 894)**
Changes in consolidation scope	-	-	-
Increases	-	-	-
Decreases	-	-	-
Dec. 31, 2010	(20 220)	(5 674)	**(25 894)**
Changes in consolidation scope	-	-	-
Increases	-	-	-
Decreases	-	-	-
Dec. 31, 2011	**(20 220)**	**(5 674)**	**(25 894)**
NET VALUE			
Dec. 31, 2009	208 175	4 699	**212 874**
Changes in consolidation scope	-	-	-
Increases	1	-	1
Decreases	-	-	-
Dec. 31, 2010	208 176	4 699	**212 875**
Changes in consolidation scope	-	-	-
Increases	-	-	-
Decreases	-	-	-
Dec. 31, 2011	**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 2011 (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 2011. The most sensitive assumption made in the evaluation of impairment tests is the discount rate. A 0.5 point increase in the discount rate would decrease the fair value of all of the Group's goodwill by EUR 18 million. Such a decrease would not lead the Group to recognize an impairment.

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

Note 1.2 - Table of changes in other intangible fixed assets

(IN THOUSANDS OF EUROS)	SOFTWARE, PATENTS	INTANGIBLE FIXED ASSETS INCLUDED IN CONCESSIONS	OTHER INTANGIBLE FIXED ASSETS	TOTAL
GROSS VALUE				
At Dec. 31, 2009	7 102	-	4 771	**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	7 308	370	8 900	**16 578**
Increases (investments)	269	1 343	862	**2 474**
Disposals (sale or scrap)	(235)	-	(251)	**(486)**
Other changes	88	342	(93)	**337**
At Dec. 31, 2011	**7 430**	**2 055**	**9 418**	**18 904**
AMORTIZATION				
At Dec. 31, 2009	(6 519)	-	(177)	**(6 696)**
Allocations	(418)	-	(2 368)	**(2 786)**
Write-backs	143	-	-	**143**
Other changes	-	-	(1)	**(1)**
At Dec. 31, 2010	(6 794)	-	(2 546)	**(9 340)**
Allocations	(510)	-	(316)	**(826)**
Write-backs	235	-	-	235
Other changes	-	-	-	**-**
At Dec. 31, 2011	**(7 070)**	**-**	**(2 862)**	**(9 931)**
IMPAIRMENT				
At Dec. 31, 2009	(4)	-	-	**(4)**
Allocations	-	-	-	**-**
Write-backs	-	-	-	**-**
Other changes	-	-	-	**-**
At Dec. 31, 2010	(4)	-	-	**(4)**
Allocations	-	-	-	**-**
Write-backs	-	-	-	**-**
Other changes	-	-	-	**-**
At Dec. 31, 2011	**(4)**	**-**	**-**	**(4)**
NET VALUE				
At Dec. 31, 2009	579	-	4 594	**5 173**
Increases (investments)	(66)	370	(1 991)	**(1 687)**
Disposals (sale or scrap)	(4)	-	-	**(4)**
Other changes	1	-	3 752	**3 751**
At Dec. 31, 2010	510	370	6 355	**7 234**
Increases (investments)	(241)	1 343	546	**1 649**
Disposals (sale or scrap)	-	-	(251)	**(251)**
Other changes	88	342	(93)	**337**
At Dec. 31, 2011	**356**	**2 055**	**6 558**	**8 969**

No intangible fixed assets were generated internally.

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

(IN THOUSANDS OF EUROS)	SOFTWARE, PATENTS	INTANGIBLE FIXED ASSETS INCLUDED IN CONCESSIONS	OTHER INTANGIBLE FIXED ASSETS	TOTAL
Business combinations	-	-	-	**-**
Translation differences	-	-	-	-
Other changes	381	-	(357)	**24**
TOTAL AT DEC.31, 2009	**381**	**-**	**(357)**	**24**
Business combinations	-	-	-	**-**
Translation differences	-	-	(1)	**(1)**
Other changes	1	-	3 751	**3 752**
TOTAL AT DEC.31, 2010	**1**	**-**	**3 750**	**3 751**
Business combinations	-	-	-	**-**
Translation differences	-	-	-	**-**
Other changes	88	342	(93)	337
TOTAL AT DEC.31, 2011	**88**	**342**	**(93)**	**337**

The other movements consist principally of the cost of implementing a loan to finance treatment facilities at Senerval.

Note 2 - Property, plant and equipment

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

(IN THOUSANDS OF EUROS)	LAND	BUILDINGS	TECHNICAL FACILITIES
GROSS VALUE			
At Dec. 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 Dec. 31, 2010	23 453	161 038	283 604
Increases (investments)	1 408	5 256	17 219
Disposals (sale or scrap)	(45)	(35)	(1 680)
Other changes	(33)	4 933	9 792
At Dec. 31, 2011	**24 782**	**171 192**	**308 935**
AMORTIZATION			
At Dec. 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 Dec. 31, 2010	(3 381)	(125 969)	(229 198)
Allocations	(189)	(9 970)	(13 111)
Write-backs	-	33	1701
Other changes	-	(675)	198
At Dec. 31, 2011	**(3 570)**	**(136 582)**	**(240 410)**
IMPAIRMENT			
At Dec. 31, 2009	(299)	-	(174)
Allocations	-	-	-
Write-backs	-	-	-
Other changes	-	-	-
At Dec. 31, 2010	(299)	-	(174)
Allocations	-	-	-
Write-backs	-	-	-
Other changes	-	-	-
At Dec. 31, 2011	(299)	-	(174)
NET VALUE			
At Dec. 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 Dec. 31, 2010	19 773	35 069	54 232
Increases (investments)	1 218	(4 714)	4 107
Disposals (sale or scrap)	(45)	(3)	21
Other changes	(33)	4 258	9 990
At Dec. 31, 2011	**20 913**	**34 610**	**68 351**

TRANSPORTATION EQUIPMENT	FIXTURES AND FITTINGS	OFFICE EQUIPMENT AND FURNITURE	FIXED ASSETS IN PROGRESS	FIXED ASSETS UNDER FINANCIAL LEASES	TOTAL
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**
2 092	2 537	746	17 980	451	**47 689**
(1 015)	(181)	(61)	(405)	(1 201)	**(4 624)**
(115)	837	41	(16 543)	121	**(966)**
16 959	**45 473**	**7 709**	**12 904**	**46 030**	**633 985**
(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)**
(2 006)	(2 789)	(626)	-	(2 520)	**(31 212)**
1 021	166	54	-	978	**3 951**
5	12	8	-	984	**532**
(13 246)	**(28 754)**	**(6 274)**	**-**	**(33 946)**	**(462 783)**
-	-	-	(1 383)	-	**(1 856)**
-	-	-	-	-	**-**
-	-	-	-	-	**-**
-	-	-	1 038	-	**1 038**
-	-	-	(345)	-	**(818)**
-	-	-	-	-	**-**
-	-	-	-	-	**-**
-	-	-	-	-	**-**
-	-	-	(344)	-	**(818)**
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**
87	(252)	120	17 980	(2 069)	**16 477**
5	(15)	(7)	(405)	(223)	**(672)**
(110)	849	49	(16 543)	1 105	**(434)**
3 713	**16 718**	**1 435**	**12 560**	**12 085**	**170 385**

Note 2.2 - Breakdown of other changes

NET VALUE (IN THOUSANDS OF EUROS)	LAND	BUILDINGS	TECHNICAL FACILITIES
2009			
Business combinations	-	-	-
Translation differences	2	(39)	(14)
Other changes	484	(9 046)	18 404
TOTAL	**486**	**(9 085)**	**18 390**
2010			
Business combinations	-	-	-
Translation differences	32	(12)	-
Other changes	(578)	18 409	5 585
TOTAL	**(546)**	**18 397**	**5 585**
2011			
Business combinations	-	-	-
Translation differences	(36)	(276)	(31)
Other changes	3	4 535	10 021
TOTAL	**(33)**	**4 258**	**9 990**

Most of the other changes corresponded to new assets entering service, and the rest to reclassifications from one account to another.

TRANSPORTATION EQUIPMENT	FIXTURES AND FITTINGS	OFFICE EQUIPMENT AND FURNITURE	FIXED ASSETS 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)	(14 476)	(201)	**(93)**
120	**(8 943)**	**29**	**(14 522)**	**(201)**	**(81)**
-	-	-	-	-	**-**
(3)	-	(1)	(91)	-	**(438)**
(107)	849	50	(16 452)	1 105	**4**
(110)	**849**	**49**	**(16 543)**	**1 105**	**(434)**

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	SHAREHOLDERS' EQUITY	LATEST PROFIT OR LOSS	NET BOOK VALUE OF INVESTMENTS
HIME (1)	33%	(69 834)	(86 080)	-
La Barre Thomas	40%	492	136	197
Altergies	19.91%	412	39	265
SCI Noiseraie	20%	189	92	38
Transval	35%	150	0	53
TOTAL				**552**

(1) HIME was set up on March 29, 2007. On April 26, 2007, HIME acquired 100% of Novasaur, the holding company of the 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.

The equity stake value of the HIME shares (corresponding to the share of shareholders' equity of the HIME sub-group plus goodwill) being negative, a risk provision for the same amount was booked in the balance sheet.

Note 3.2 - Changes to investments in affiliates

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

(IN THOUSANDS OF EUROS)	VALUE AT DEC. 31, 2009	VALUE AT DEC. 31, 2010	INCOME	CHANGE IN FAIR VALUE THROUGH EQUITY	TRANSL. DIFF.	CHANGE IN CONSOLIDATION SCOPE	OTHER CHANGES	VALUE AT DEC. 31, 2011
HIME	60 815	33 650	(28 406)	(15 989)	(286)	-	11 031	**0**
La Barre Thomas	-	-	54	-	-	200	(57)	**197**
Altergies	302	257	8	-	-	-	-	**265**
SCI Noiseraie	2	19	18	-	-	-	-	**38**
Transval	-	-	-	-	-	53	-	**53**
TOTAL	**61 119**	**33 926**	**(28 326)**	**(15 989)**	**(286)**	**253**	**10 974**	**552**

Concerning HIME:

- the change in fair value of the equity of HIME corresponds to the change in the fair value of cash flow hedging instruments;
- other movements correspond to the recognition of a provision in liabilities representing the negative equity stake value of the shares.

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	TRANSVAL
DATE OF MOST RECENT FINANCIAL INFORMATION KNOWN					
	DEC. 31, 2011	DEC. 31, 2011	DEC. 31, 2011	DEC. 31, 2011	DEC. 31, 2011
% HELD	*33%*	*40%*	*19.91%*	*20%*	*35%*
Non-current assets	3 138 934	32	105	1 379	-
Current assets	1 152 032	1060	677	230	150
Shareholders' equity	(60 552)	492	412	189	150
Non-current liabilities	2 954 181	-	-	1 188	-
Current liabilities	1 397 337	599	369	232	-
Revenues	1 646 499	3 343	393	417	-
EBITDA	186 615	141	46	341	-
Current operating income	64 433	135	46	201	-
Operating income	63 460	135	46	201	-
Net income	(86 080)	136	39	92	-

Note 3.4 - Transactions with affiliates

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

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 of 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, 2011, no conversion rights have been exercised. Interest accrued at April 30, 2011 was capitalized.

Interest payments booked by the Group for the fiscal year 2011 amounted to EUR 14.2 million.

	2009			2010			2011		
(IN THOUSANDS OF EUROS)	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Bond component (principal)	106 298	-	**106 298**	106 298	-	**106 298**	106 298	-	**106 298**
Bond component (capitalized interest)	18 614	-	**18 614**	25 520	-	**25 520**	40 344	-	**40 344**
Bond component (interest)	8 291	-	**8 290**	10 361	-	**10 361**	9 734	-	**9 734**
TOTAL BOND COMPONENT (AFS)	*133 202*	*-*	*133 202*	*142 179*	*-*	*142 179*	*156 376*	*-*	*156 376*
Pure derivative component	41 070	-	**41 070**	41 070	-	**41 070**	41 070	-	**41 070**
Tax effect	(14 140)	-	**(14 140)**	(14 140)	-	**(14 140)**	(14 140)	-	**(14 140)**
TOTAL DERIVATIVE COMPONENT (1)	*26 930*	*-*	*26 930*	*26 930*	*-*	*26 930*	*26 930*	*-*	*26 930*
TOTAL	160 132	-	160 132	169 109	-	169 109	183 305	-	183 305

(1) Holdings in affiliates.

Note 4 – Financial instruments

	2009			2010			2011		
(IN THOUSANDS OF EUROS)	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Available-for-sale financial instruments	135 811	-	**135 811**	144 613	-	**144 613**	158 595	-	**158 595**
Financial loans and receivables at amortized cost	2 080	124	**2 204**	2 737	88	**2 825**	2 466	76	**2 542**
FINANCIAL ASSETS	*137 891*	*124*	*138 015*	*147 350*	*88*	*147 438*	*161 061*	*76*	*161 137*
Trade and other receivables	-	106 319	**106 319**	1 759	112 665	**114 424**	1 291	116 288	**117 579**
Other current assets (incl. corporation tax receivables)	-	22 194	**22 194**	-	12 372	**12 372**	-	20 310	**20 310**
LOANS AND RECEIVABLES AT AMORTIZED COST	*-*	*128 513*	*128 513*	*1 759*	*125 037*	*126 796*	*1 291*	*136 598*	*137 889*
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**	-	24 686	**24 686**
TOTAL FINANCIAL ASSETS	137 891	147 745	285 636	149 109	168 556	317 665	162 352	161 360	323 712
Financial debts	233 151	31 195	**264 346**	193 716	44 648	**238 364**	43 740	172 899	**216 639**
Hedging instruments - liabilities	3 561	1 690	**5 251**	1 984	609	**2 593**	3 491	304	**3 795**
Other liabilities	238	100 812	**101 050**	1 350	119 874	**121 224**	251	136 054	**136 305**
TOTAL FINANCIAL LIABILITIES	236 950	133 697	370 647	197 050	165 131	362 181	47 482	309 257	356 739

Note 4.1 - Financial assets

Note 4.1.1 - Available-for-sale financial assets

Available-for-sale financial assets consist of:

- the bond component of the HIME convertible bonds;
- equity investments in non-consolidated companies, taking account of an ongoing liquidation process;
- securities treated as financial assets (mainly the Group's investment in the Emertec funds).

Their net value breaks down as follows:

(IN THOUSANDS OF EUROS)	DEC. 31, 2009	DEC. 31, 2010	CHANGE IN FAIR VALUE THROUGH EQUITY	ACQUISITIONS	OTHER CHANGES	DISPOSALS/ LIQUIDATIONS	DEC. 31, 2011
Bonds (principal + capitalized interest))	124 912	131 818	-	-	14 823	-	146 642
Bonds (non-capitalized interest)	8 291	10 361	-	14 196	(14 823)	-	9 734
TOTAL BONDS COMPONENT	*133 203*	*142 179*	*-*	*14 196*	*-*	*-*	*156 376*
Tredi New Zealand	-	-	-	-	-	-	-
TOTAL NON-CONSOLIDATED INVESTMENTS	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Emertec	2 449	2 308	(221)	-	-	-	2 086
Other investments	159	126	-	54	(7)	(39)	134
TOTAL OTHER INVESTMENTS	*2 608*	*2 434*	*(221)*	*54*	*(7)*	*(39)*	*2 220*
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**135 811**	**144 613**	**(221)**	**54**	**7**	**(39)**	**158 596**

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.

	2009			2010			2011		
(IN THOUSANDS OF EUROS)	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Deposits and bonds of indemnity	918	24	**942**	1 505	-	**1 505**	1 258	2	**1 259**
Loans	1 162	100	**1 262**	1 232	88	**1 320**	1 208	74	**1 282**
FINANCIAL LOANS AND RECEIVABLES	*2 080*	*124*	*2 204*	*2 737*	*88*	*2 825*	*2 465*	*76*	*2 541*
Trade receivables and other debtors	-	106 319	**106 319**	1 759	112 665	**114 424**	1 291	116 288	**117 579**
State	-	16 220	**16 220**	-	9 899	**9 899**	-	14 555	**14 555**
Tax receivables	-	3 551	**3 551**	-	-	**-**	-	2 572	**2 572**
Prepaid accounts	-	503	**503**	-	1 302	**1 302**	-	1 608	**1 608**
Social security receivables	-	172	**172**	-	158	**158**	-	160	**160**
Receivables from disposal of fixed assets	-	672	**672**	-	5	**5**	-	30	**30**
Other receivables	-	956	**956**	-	882	**882**	-	671	**671**
Current accounts receivable	-	119	**119**	-	126	**126**	-	715	**715**
Other current assets	-	22 194	**22 194**	-	12 372	**12 372**	-	20 310	**20 310**
OPERATIONAL LOANS AND RECEIVABLES	*-*	*128 513*	*128 513*	*1 759*	*125 037*	*126 796*	*1 291*	*136 598*	*137 889*
LOANS AND RECEIVABLES AT AMORTIZED COST	**2 080**	**128 637**	**130 717**	**4 496**	**125 125**	**129 621**	**3 756**	**136 674**	**140 430**

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

(IN THOUSANDS OF EUROS)	2009 GROSS	2009 DEP/ IMPAIR.	2009 NET	2010 GROSS	2010 DEP/ IMPAIR.	2010 NET	2011 GROSS	2011 DEP/ IMPAIR.	2011 NET
Loans and financial receivables	2 204	-	2 204	2 825	-	2 825	2 541	-	2 541
Trade receivables and other debtors	109 612	(3 294)	106 319	117 881	(3 457)	114 424	121 270	(3 691)	117 579
Other assets	24 085	(1 891)	22 194	13 174	(802)	12 372	21 097	(787)	20 310
LOANS AND RECEIVABLES AT AMORTIZED COST	**135 901**	**(5 185)**	**130 717**	**133 880**	**(4 259)**	**129 621**	**144 908**	**(4 478)**	**140 430**

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

(IN THOUSANDS OF EUROS)	2009 NC	2009 C	2009 TOTAL	2010 NC	2010 C	2010 TOTAL	2011 NC	2011 C	2011 TOTAL
Hedging instruments	-	-	-	-	-	-	-	-	-
Call options for 18%	-	-	-	-	-	-	-	-	-
FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT	-	-	-	-	-	-	-	-	-

Hedging instruments

Hedging instruments have been 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 to acquire the 18% share of HIME will be the higher of the following two values: EUR 130 million plus an amount sufficient to provide FSI with a return of 8%, or a market valuation determined 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)	2009	2010	2011
Cash equivalents	9 733	36 771	15 953
Cash	9 375	6 660	8 733
TOTAL	**19 108**	**43 431**	**24 686**

Cash equivalents correspond to mutual funds.

Income from the sale of mutual funds came out at EUR 0.5 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	DEC. 31, 2009			DEC. 31, 2010			DEC. 31, 2011		
(IN THOUSANDS OF EUROS)	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Financial debt liabilities	*212 583*	*26 952*	*239 535*	*176 794*	*40 232*	*217 026*	*30 116*	*167 696*	*197 812*
Effective interest rate impact	*(759)*	*(569)*	*(1 327)*	*(168)*	*(524)*	*(692)*	*(13)*	*(163)*	*(176)*
Borrowings/bank loans	211 824	26 383	**238 208**	176 626	39 708	**216 334**	30 103	167 533	**197 636**
Financial leases	20 273	4 292	**24 565**	16 033	4 339	**20 372**	12 629	4 637	**17 265**
Other financial debt	1 053	34	**1 087**	1 057	19	**1 076**	1 008	49	**1 057**
Short-term bank borrowings	-	486	**486**	-	582	**582**	-	681	**681**
TOTAL	**233 151**	**31 195**	**264 346**	**193 716**	**44 648**	**238 364**	**43 740**	**172 899**	**216 640**

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

(IN THOUSANDS OF EUROS) NETVALUE	DEC. 31, 2009	DEC. 31, 2010	INCREASES	RE-PAYMENTS	CHANGES IN SCOPE	AMORTIZED COST	TRANSL. DIFF.	OTHER CHANGES	DEC. 31, 2011
Bank loans	238 208	216 334	21 300	(40 854)	-	515	-	341	197 636
Financial leases	24 565	20 372	451	(4 820)	-	-	-	1 263	17 265
Other financial debt	1 087	1 076	373	(392)	-	-	-	-	1 057
Short-term bank borrowings	486	582	98	-	-	-	-	-	681
TOTAL	**264 346**	**238 364**	**22 223**	**(46 066)**	**-**	**515**	**-**	**1 604**	**216 640**

DEBT TABLE

At December 31, 2011, Group debt broke down as follows:

(IN THOUSANDS OF EUROS)	TYPE OF RATE (BEFORE HEDGING)		AMOUNT	MATURITY	HEDGING
OTHER BANK LOANS	Variable		164 693	less than one year	Debt contracted at a variable interest rate
			11 229	from 1 to 5 years	
			1 500	more than 5 years	Interest rate hedge of EUR 173 M
	Fixed	between 0% and 4%	2 840	less than one year	
			11 479	from 1 to 5 years	
			5 896	more than 5 years	
	TOTAL		*197 636*		
FINANCIAL LEASES	Variable		3 703	less than one year	Interest rate hedge of EUR 12 M
			8 272	from 1 to 5 years	
			1 469	more than 5 years	
	Fixed	between 4% and 13%	934	less than one year	
			2 575	from 1 to 5 years	
			313	more than 5 years	
	TOTAL		*17 265*		
OTHER MISCELLANEOUS FINANCIAL DEBT	Variable		0	less than one year	
			733	from 1 to 5 years	
			0	more than 5 years	
	Fixed		48	less than one year	
			275	from 1 to 5 years	
			0	more than 5 years	
	TOTAL		*1 057*		
SHORT-TERM BANK BORROWINGS	Variable	-	681	less than one year	
	TOTAL		**216 640**		
Of which current			*172 899*	*less than one year*	
Of which non-current			*43 740*	*more than one year*	

FINANCIAL LEASE AGREEMENTS

(IN THOUSANDS OF EUROS)	NET BOOK VALUE	TOTAL MINIMUM FUTURE PAYMENTS				TOTAL SUB-LEASE PAYMENTS, DISCOUNTED
	DEC. 31, 2011	TOTAL	< 1 YEAR	1 - 5 YRS	> 5 YRS	
Land	-	-	-	-	-	-
Buildings	9 273	7 559	1 882	4 168	1 509	-
Technical facilities, equipment and industrial plant	1 474	5 979	1 856	3 987	136	-
Transport equipment, vehicles	1 157	1 369	257	928	184	-
Fixtures and fittings	181	3 613	1 172	2 441	-	-
Office equipment and furniture	-	-	-	-	-	-

FINANCIAL LEASE AGREEMENTS

(IN THOUSANDS OF EUROS)	NET BOOK VALUE	TOTAL MINIMUM FUTURE PAYMENTS, DISCOUNTED				TOTAL SUB-LEASE PAYMENTS, DISCOUNTED
	DEC. 31, 2011	TOTAL	< 1 YEAR	1 - 5 YRS	> 5 YRS	
Land	-	-	-	-	-	-
Buildings	9 273	6 729	1 816	3 757	1 157	-
Technical facilities, equipment and industrial plant	1 474	5 514	1 791	3 613	109	-
Transport equipment, vehicles	1 157	1 217	248	821	148	-
Fixtures and fittings	181	3 358	1 131	2 227	-	-
Office equipment and furniture	-	-	-	-	-	-

Most of the Group's financial lease agreements are lease financing agreements with option to purchase. 78% 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

(IN THOUSANDS OF EUROS)	2009 NC	2009 C	2009 TOTAL	2010 NC	2010 C	2010 TOTAL	2011 NC	2011 C	2011 TOTAL
Trade payables	-	42 367	**42 367**	-	47 716	**47 716**	2	68 526	**68 529**
Debts on acquisition of fixed assets	238	8 150	**8 387**	1 350	13 583	**14 933**	248	13 358	**13 606**
Advance payments received	-	2 277	**2 277**	-	2 448	**2 448**	-	2 837	**2 837**
Social security and related payments	-	17 658	**17 658**	-	20 123	**20 123**	-	21 471	**21 471**
State (excluding corporation tax)	-	21 624	**21 624**	-	24 536	**24 536**	-	22 279	**22 279**
Corporation tax	-	596	**596**	-	4 610	**4 610**	-	218	**218**
Current account credit balances	-	1 116	**1 116**	-	167	**167**	-	218	**218**
Other debts	-	765	**765**	-	892	**892**	-	633	**633**
Liabilities for replacing assets in concessions	-	125	**125**	-	903	**903**	-	170	**170**
Prepayments	-	6 133	**6 133**	-	4 896	**4 896**	-	6 343	**6 343**
OTHER LIABILITIES	238	100 812	101 050	1 350	119 874	121 225	251	136 054	136 304

Note 4.3 - Financial hedging instruments

(IN THOUSANDS OF EUROS)	2009 NC	2009 C	2009 TOTAL	2010 NC	2010 C	2010 TOTAL	2011 NC	2011 C	2011 TOTAL
Hedging instruments - assets	-	-	-	-	-	-	-	-	-
Hedging instruments - liabilities	3 561	1 690	**5 251**	1 984	609	**2 593**	3 491	304	**3 795**

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)	2009 NOMINAL TRANSACTION	2009 FAIR VALUE	2010 NOMINAL TRANSACTION	2010 FAIR VALUE	2011 NOMINAL TRANSACTION	2011 FAIR VALUE
Swaps	88 167	(2 311)	121 609	(1 271)	128 014	(3 119)
Collars	80 667	(2 355)	67 109	(794)	61 014	(542)
Hybrid instruments	87 500	(585)	25 000	(528)	15 000	(134)
TOTAL	256 334	(5 251)	213 717	(2 593)	204 028	(3 795)

At December 31, 2011, 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	13 632	114 382	-	**128 014**
Collars	26 132	34 882	-	**61 014**
Hybrid instruments	7 500	7 500	-	**15 000**
TOTAL	**47 264**	**156 764**	**-**	**204 028**

The gains and losses booked in equity over the period amounted to EUR – 1.3 million, and the cumulative total at December 31, 2011 of gains and losses booked in equity amounted to EUR – 3.3 million. The ineffective portion of this hedging booked as income in 2011 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 - Changes in current and non-current provisions

(IN THOUSANDS OF EUROS)	2009	2010	OTHER CHANGES	ALLOCATIONS	WRITE-BACKS USED	WRITE-BACKS UNUSED	2011
Employee benefits (1)	134	169	(1)	34	(9)	-	192
Other non-current provisions (2)	3 549	2 652	(3)	686	(66)	-	3 270
NON-CURRENT PROVISIONS	***3 683***	***2 821***	***(4)***	***720***	***(76)***	***-***	***3 462***
Provision for litigation	565	1 037	-	362	(2)	(13)	1 384
Provision for BEFS (sub-contractor)	50	662	-	2	-	-	663
Provisions for other risks	2 391	2 028	11 012	50	-	(1 470)	11 621
Provision for waste to be treated	168	152	-	60	(65)	-	147
Provisions for site rehabilitation	9 397	9 915	(14)	425	(1 292)	-	9 034
Provisions for other costs	827	3 287	-	403	(1 622)	-	2 069
CURRENT PROVISIONS	***13 398***	***17 081***	***10 998***	***1 302***	***(2 980)***	***(1 483)***	***24 917***
TOTAL	**17 081**	**19 902**	**10 994**	**2 022**	**(3 056)**	**(1 483)**	**28 379**

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

(2) Provision for 30-year monitoring period.

With effect from January 1, 2011, because of the time lag between the date of committing to expenditure incurred for future major maintenance and/or repairs to assets included in concessions, and the actual occurrence of such expenses, these are recorded under accrued expenses in the category of other current liabilities (liabilities for the renewal of assets included in concessions), instead of under current provisions.

For comparability purposes, provisions booked at the end of 2009 and the end of 2010 for these items (respectively EUR 125 K and EUR 903 K) have been reclassified under other current liabilities.

Note 5.2 - Breakdown of other changes

(IN THOUSANDS OF EUROS)	BUSINESS COMBINATIONS	TRANSLATION DIFFERENCES	OTHER CHANGES	TOTAL
Employee benefits	-	-	(1)	**(1)**
Other non-current provisions	-	-	(3)	**(3)**
NON-CURRENT PROVISIONS	-	-	*(4)*	*(4)*
Provision for litigation	-	-	-	-
Provision for BEFS (sub-contractor)	-	-	-	-
Provisions for other risks	-	-	11 012	**11 012**
Provision for waste to be treated	-	-	-	-
Provisions for site rehabilitation	-	-	(14)	**(14)**
Provisions for other costs	-	-	-	-
CURRENT PROVISIONS	-	-	*10 998*	*10 998*
TOTAL	-	-	**10 994**	**10 994**

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 policy. Only Gerep, Sogad and Sem Tredi were concerned by this as at December 31, 2011.

The following should be noted:

- when Senerval 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.
- when the Group took over management of the household waste incinerator at Lescar (near Pau) and its workforce, the group also took over commitments in respect of the length of service of those same employees. In view of the amount represented by these commitments, they were booked directly in the income statement.

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

(IN THOUSANDS OF EUROS)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
AMOUNT OF COMMITMENT AT BEGINNING OF YEAR	**2 411**	**3 273**	**4 838**
Cost of services rendered during the year	175	232	352
Interest credited over the year	158	161	226
Services paid over the year	(215)	(51)	(61)
Outsourcing	-	458	194
Actuarial gains (losses)	744	772	508
Other (translation differences)	-	(7)	-
AMOUNT OF COMMITMENT AT END OF YEAR	**3 273**	**4 838**	**6 057**
Of which outsourced	*3 146*	*4 669*	*5 865*
Of which provisioned	*127*	*169*	*192*

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

(IN THOUSANDS OF EUROS)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
FAIR VALUE OF ASSETS HEDGED AT BEGINNING OF YEAR	**2 707**	**3 143**	**4 707**
Contributions paid in	397	1 650	1 430
Indemnities paid out	(215)	(12)	(61)
Expected return on investments	110	126	160
Management fees	(12)	(14)	(21)
Actuarial gains (losses)	155	(186)	(351)
FAIR VALUE OF ASSETS HEDGED AT END OF YEAR	**3 143**	**4 707**	**5 864**

Hedging assets break down as follows:

	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Diversified investments	76%	50%	73%
Monetary investments	24%	50%	27%

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, 2011, the residual provision concerning this affair amounted 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 national administrative court in Madrid decided at the end of 2011 not to consider the case, on the grounds that the prejudice for Valls Quimica, calculated on a per month basis, did not exceed the minimum of EUR 150 000 which the court set itself as a condition for considering cases submitted to it. Valls Quimica lodged an appeal against this decision in the same court on December 28, 2011.

- 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 legal counsel believe they have strong and pertinent 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)	2009	2010	2011
Employee profit-sharing	582	902	739
Social solidarity contribution	238	250	261
Paid leave	608	609	639
Tax loss carry-forwards	2 970	1 575	1 158
Deferred depreciation and regulatory provisions	(6 679)	(7 293)	(7 815)
Financial leases	2 678	2 119	1 643
Intra-group capital gains	205	284	220
Deferred expenses	(70)	(51)	(7)
Intra-Group provisions	(158)	-	-
Provision for end-of-career payment commitments	45	36	48
Restated provision for thirty-year monitoring	(832)	(1 193)	(1 165)
Harmonization of amortization	667	613	597
Securities acquisition costs	2 905	1 653	402
Restatement of convertible bonds	14 959	14 944	14 981
Fair value of hedging instruments	1 808	893	1 307
Other temporary diferences	(77)	1 737	1 830
TOTAL	**19 849**	**17 078**	**14 981**
Of which deferred tax assets	*19 877*	*17 110*	*14 995*
Of which deferred tax liabilities	*28*	*32*	*14*

Tax loss carry-forwards correspond to deficits which 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 the business plan of each subsidiary. In general, tax losses incurred by foreign subsidiaries are not carried forward. At December 31, 2011, 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, 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*
Income	-	2 693	(2 693)
Change in fair value by shareholders' equity	156	(440)	596
Change in consolidation scope and other changes	-	-	-
Foreign currency differences	-	-	-
Compensation of deferred taxes among subsidiaries in the fiscal consolidation scope	(3 070)	(3 070)	-
Compensation of deferred tax assets/deferred tax liabilities	799	799	-
BALANCE AT DECEMBER 31, 2011	*14 995*	*14*	*14 981*

Note 7 - Off-balance sheet commitments

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

(IN THOUSANDS OF EUROS)	2009	2010	2011
Loans ceded before maturity (bills, Dailly Act)	-	-	-
Sureties	**32 993**	**37 055**	**38 848**
• Financial guarantees (1)	21 601	21 601	22 551
• Other guarantees	11 392	15 454	16 297
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 CURRENT OPERATIONS	**32 993**	**37 055**	**38 848**

(1) This concerns a EUR 22.6 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)	2009	2010	2011
Business loans ceded	**1 086**	**953**	**895**
Sureties and letters of intent	**3 640**	**4 380**	**10 972**
Secured guarantees	**11 021**	**9 436**	**9 828**
• Tangible and intangible assets pledged as guarantees and collateral	11 021	9 436	9 828
• Securities pledged as guarantees and collateral	-	-	-
• Mortgages	-	-	-
Borrowing commitments received	**3 900**	**5 000**	**34 262**
TOTAL OFF-BALANCE SHEET COMMITMENTS RELATED TO DEBT	**19 646**	**19 769**	**55 957**

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

Borrowing commitments at December 31, 2011 principally concern the financing of assets conceded in the framework of the Strasbourg public service delegation contract for EUR 34.1 million, in amortizable tranches, over the residual duration of the contract, at a rate which has still to be set.

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 - 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	*4 978 823*	
Of which shares with double voting rights	*3 656 047*	

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

(IN THOUSANDS OF EUROS)	DEC. 31, 2009	DEC. 31, 2010	INCREASE	DECREASE	DEC. 31, 2011
Legal reserve	173	173	-	-	173
Regulatory reserves	-	-	-	-	-
Retained earnings	90 382	119 190	31 756	-	150 947
Other reserves	6 037	6 037	-	-	6 037
SUB-TOTAL – LEGAL AND REGULATORY RESERVES	*96 592*	*125 400*	*31 756*	*-*	*157 156*
Consolidated reserves (1)	(62 347)	(83 596)	-	(32 797)	(116 393)
TOTAL RESERVES (1)	**34 245**	**41 804**	**31 756**	**(32 797)**	**40 763**
Foreign currency translation differences	(1 176)	(1 204)	(909)	-	(2 113)
TOTAL RESERVES (including foreign currency translation differences)	**33 069**	**40 600**	**30 847**	**(32 797)**	**38 651**

(1) Excluding foreign currency translation differences.

Note 11 - Information on treasury stock

By virtue of the authorizations granted by the Annual General Meetings of May 6, 2010 and May 12, 2011, the Board of Directors ordered in 2011 the repurchase of a certain number of its own shares under a liquidity contract concluded with an independent organization. Funds totalling EUR 1.4 million were made available to that organization for the repurchase of 4 862 shares. At December 31, 2011, these share buybacks broke down as follows:

Number of shares held as treasury stock (1)	60 052
Percentage of shares held as treasury stock	0.7%
Net book value of shares held as treasury stock (EUR)	2 785 068
Market value of shares held as treasury stock at December 31, 2011 (EUR) (2)	1 720 490

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

(2) On the basis of the average closing price of the Séché Environnement share in December 2011, i.e. EUR 28.65.

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)	2009	2010	2011
Revenue	**365 666**	**402 122**	**424 158**
Of which sales of goods	*33 658*	*44 404*	*51 592*
Of which sales of services	*332 009*	*357 718*	*372 566*
Other business income	**2 103**	**4 239**	**6 090**
Transfers of expenses	**2 721**	**3 443**	**3 373**
INCOME FROM ORDINARY ACTIVITIES	**370 491**	**409 803**	**433 622**

Note 12.2 - Breakdown of revenue by type of waste

(IN THOUSANDS OF EUROS)	2009	2010	2011
HW treatment	250 742	267 341	270 102
NHW treatment	114 924	134 781	154 056
TOTAL	**365 666**	**402 122**	**424 158**

Note 12.3 - Breakdown of revenue by geographical area

(IN THOUSANDS OF EUROS)	2009	2010	2011
France	345 783	380 644	399 283
Europe (outside France)	18 080	19 450	23 354
Outside Europe	1 804	2 028	1 520
TOTAL	**365 666**	**402 122**	**424 158**

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

Note 13.1 - Breakdown of EBITDA

(IN THOUSANDS OF EUROS)	2009	2010	2011
INCOME FROM ORDINARY ACTIVITIES	***370 491***	***409 803***	***433 622***
PURCHASES USED FOR OPERATIONAL PURPOSES	***(47 628)***	***(55 415)***	***(63 622)***
• Stored purchases	(30 895)	(36 798)	(38 987)
• Non-stored purchases	(16 734)	(18 617)	(24 635)
EXTERNAL EXPENSES	***(111 978)***	***(131 778)***	***(147 252)***
Subcontracting	63 582)	(74 744)	(86 213)
Leasing expenses	(8 067)	(8 981)	(10 172)
Maintenance and repairs	(14 441)	(15 712)	(19 125)
Insurance	(3 365)	(3 935)	(4 633)
Other external expenses	(22 523)	(28 405)	(27 109)
TAXES OTHER THAN ON INCOME	***(30 621)***	***(33 312)***	***(31 803)***
EMPLOYEE BENEFIT EXPENSES	***(82 784)***	***(85 594)***	***(93 507)***
• Staff costs	(80 015)	(81 422)	(89 754)
• Profit-sharing and incentive plan	(1 899)	(3 013)	(2 502)
• Contributions towards end-of-career payments	(870)	(1 159)	(1 251)
• Remuneration in shares	-	-	-
EBITDA	**97 479**	**103 704**	**97 438**

External services purchased 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 contracts)				EXPENSES FOR THE YEAR	TOTAL SUB-LEASE PAYMENTS, DISCOUNTED
	TOTAL	< 1 YEAR	1 – 5 YRS	> 5 YRS		
Intangible fixed assets	**196**	30	121	45	29	-
Land	**3 940**	322	1 224	2 394	337	-
Buildings	**5 984**	825	3 187	1 971	1 080	-
Technical facilities, equipment and industrial plant	**10 522**	1 030	2 726	6 767	3 434	-
Transport equipment, vehicles	**115**	80	35	-	281	-
Fixtures and fittings	**-**	-	-	-	-	-
Office equipment and furniture	**65**	29	36	-	91	-

Note 14 - Current operating income

Note 14.1 - Breakdown of current operating income

(IN THOUSANDS OF EUROS)	2009	2010	2011
EBITDA	**97 479**	**103 704**	**97 438**
COST OF RENEWAL OF ASSETS INCLUDED IN CONCESSIONS AND OF TREATMENT SITE REHABILITATION	***(954)***	***(3 086)***	***(7 525)***
OTHER OPERATING INCOME AND EXPENSES	***(581)***	***(1 024)***	***(535)***
Other operating expenses	(650)	(1 076)	(664)
Other operating income	69	52	129
NET ALLOCATIONS TO PROVISIONS	***(568)***	***(1 293)***	***22***
Allocations to provisions	(3 910)	(4 548)	(4 013)
Write-backs of provisions	3 342	3 255	4 035
NET ALLOCATIONS TO AMORTIZATION	***(31 970)***	***(31 414)***	***(32 038)***
Allocations to amortization	(31 970)	(31 414)	(32 038)
Write-backs of amortization	-	-	-
CURRENT OPERATING INCOME	**63 406**	**66 887**	**57 362**

Note 14.2 - Net allocations to provisions

(IN THOUSANDS OF EUROS)	2009	2010	2011
Net allocations to provisions on site	(546)	404	352
Net allocations to current assets	(36)	94	(252)
Net allocations to other operating provisions	17	(1 791)	(78)
TOTAL	**(565)**	**(1 293)**	**22**

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

Note 14.3 - Net allocations to amortization

(IN THOUSANDS OF EUROS)	2009	2010	2011
Net allocations to intangible fixed assets	(660)	(703)	(826)
Net allocations to tangible fixed assets	(31 310)	(30 711)	(31 212)
TOTAL	**(31 970)**	**(31 414)**	**(32 038)**

Note 15 - Operating income

(IN THOUSANDS OF EUROS)	2009	2010	2011
CURRENT OPERATING INCOME	**63 406**	**66 887**	**57 362**
REASSESSMENT OF FIXED ASSETS	-	-	-
INCOME ON SALE OF FIXED ASSETS	***312***	***467***	***(609)***
Sales of intangible fixed assets	(77)	(4)	(251)
Sales of tangible fixed assets	386	472	(359)
Sales of consolidated shares	2	-	-
IMPAIRMENT OF ASSETS	***(246)***	***(2 083)***	-
Goodwill	-	-	-
Other intangible fixed assets	-	(2 083)	
Tangible fixed assets	(246)	-	-
EFFECTS OF BUSINESS COMBINATIONS	-	***(4 854) (1)***	***(890)***
OTHER	-	***14***	***(682)***
OPERATING INCOME	**63 472**	**60 431**	**55 180**

(1) Of which EUR 4.9 million corresponding to application of the change of method imposed by amended IFRS 3 concerning treatment of the cost of acquisition of shares in the framework of a business combination.

Note 16 - Net financial income

Note 16.1 - Breakdown of net financial income

(IN THOUSANDS OF EUROS)	2009	2010	2011
Income from cash and cash equivalents	13 495	14 697	14 705
Gross financial borrowing costs	(10 954)	(8 972)	(7 371)
Other financial income and expenses	(41)	1 167	984
TOTAL	**2 500**	**6 892**	**8 318**

The cost of gross financial debt evolved as follows:

(IN THOUSANDS OF EUROS)	2009	2010	2011
Financial liabilities at amortized cost	(5 785)	(4 453)	(5 304)
Income on hedging instruments	(5 169)	(4 518)	(2 067)
COST OF GROSS FINANCIAL DEBT	**(10 954)**	**(8 972)**	**(7 371)**

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 removal of the conversion rights) and 9.89% (after removal);
- the reduction in the cost of net debt due to the effectiveness of the impacts of hedging, and of the Group's debt reduction efforts.

Note 16.2 - Breakdown of other financial income and expenses

(IN THOUSANDS OF EUROS)	2009	2010	2011
Foreign exchange gain (loss)	461	61	78
Net gain (loss) on the sale of financial fixed assets	1 128	0	1 198
Net impairment on financial assets	(2 431)	1 948	(92)
Other financial income and expenses	799	(842)	(200)
TOTAL	**(41)**	**1 167**	**984**

Foreign exchange gains (losses) were generated mainly on unrealized positions on Group prepayments to its international affiliates which do 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.

The net gain on the sale of financial fixed assets corresponds to the effects of de-consolidation or company liquidation.

Note 17 -Taxes

(IN THOUSANDS OF EUROS)	2009	2010	2011
Corporation tax payable	15 232	19 288	16 796
Deferred tax	2 978	1 938	2 693
TOTAL TAX EXPENSE	**18 210**	**21 226**	**19 489**

The statutory tax rate as compared with the actual rate of tax paid can be analysed as follows:

(IN THOUSANDS OF EUROS)	2010	2011
TAX AT CURRENT STATUTORY TAX RATE	**(23 179)**	**(21 863)**
Changes in tax rate applicable to parent company (1)	(6)	(2)
Differences in tax rates applicable to subsidiaries	439	353
Unrecognized tax assets	(326)	(224)
Use of previous losses not previously carried forward	-	160
Permanently non-taxable income and expenses	1 847	2 086
TOTAL TAX EXPENSE	**(21 226)**	**(19 489)**

(1) The tax rate (excluding social security contributions) on profits is 33.33%. Including social security contributions on profits, the tax rate is 34.38%. Taking account of the exceptional additional tax of 5% on tax consolidation groups, the Group's global tax rate amounts to 36.05%.

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 were generated amounting to EUR 0.7 million.

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)	2011			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available-for-sale securities	-	2 149	17	**2 166**
Bond component of convertible bonds	-	-	156 376	**156 376**
Hedging instruments	-	-	-	**-**
Other financial assets at fair value by the income statement	-	-	-	**-**
FINANCIAL ASSETS	**-**	**2 149**	**156 393**	**158 542**
Financial debts	-	216 640	-	**216 640**
Hedging instruments	-	3 795	-	**3 795**
Other financial liabilities at fair value by the income statement	-	-	-	**-**
FINANCIAL LIABILITIES	**-**	**220 435**	**-**	**220 435**

For comparison purposes, the breakdown in terms of fair value of the Group's financial instruments at December 31, 2009 and December 31, 2010, was as follows:

(IN THOUSANDS OF EUROS)	2009				2010			
	L 1	L 2	L 3	TOTAL	L 1	L 2	L 3	TOTAL
Available-for-sale securities	-	2 591	17	2 608	-	2 417	17	2 434
Bond component of convertible bonds	-	-	133 202	133 202	-	-	142 179	142 179
Hedging instruments	-	-	-	-	-	-	-	-
Other financial assets at fair value by the income statement	-	-	-	-	-	-	-	-
FINANCIAL ASSETS	**-**	**2 591**	**133 219**	**135 810**	**-**	**2 417**	**142 196**	**144 613**
Financial debts	-	264 346	-	264 346	-	238 363	-	238 363
Hedging instruments	-	5 251	-	5 251	-	2 593	-	2 593
Other financial liabilities at fair value by the income statement	-	-	-	-	-	-	-	-
FINANCIAL LIABILITIES	**-**	**269 597**	**-**	**269 597**	**-**	**240 956**	**-**	**240 956**

Available-for-sale securities

- quoted securities valued at their stock exchange closing price are considered to be of 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 to be of 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 to be of level 3.

Bond component

This refers to the bond component 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 customer or counterparty to a given asset were to fail 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 Group's financial assets represents its maximum exposure to credit risk. At the close of the year, maximum credit risk exposure broke down as follows:

(IN THOUSANDS OF EUROS)	2009 NC	2009 C	2009 TOTAL	2010 NC	2010 C	2010 TOTAL	2011 NC	2011 C	2011 TOTAL
Available-for-sale financial assets	135 811	-	135 811	144 613		144 613	158 595	-	158 595
Financial loans and receivables at amortized cost	2 080	124	2 204	2 737	88	2 825	2 466	76	2 542
NON-CURRENT FINANCIAL ASSETS	*137 891*	*124*	*138 015*	*147 350*	*88*	*147 438*	*161 061*	*76*	*161 137*
Trade and other receivables	-	106 319	106 319	1 759	112 665	114 424	1 291	116 288	117 579
Other current assets (incl. corporation tax credits)	-	22 194	22 194	-	12 372	12 372	-	20 310	20 310
LOANS AND RECEIVABLES AT AMORTIZED COST	*-*	*128 513*	*128 513*	*1 759*	*125 037*	*126 796*	*1 291*	*136 598*	*137 889*
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*	*-*	*24 686*	*24 686*
TOTAL FINANCIAL ASSETS	**137 891**	**147 745**	**285 636**	**149 109**	**168 556**	**317 665**	**162 352**	**161 360**	**323 712**
Derivative component of convertible bonds (1)	26 929	-	26 929	26 929	-	26 929	26 929	-	26 929
TOTAL	**164 820**	**147 745**	**312 565**	**176 039**	**168 556**	**344 595**	**189 281**	**161 360**	**350 641**

(1) Booked under investments in affiliates; these do not correspond to the definition of a financial asset under IAS 39.

Revenues, expenses, income and impairments recognized in the financial statements for 2011 as financial assets were almost exclusively comprised of interest on convertible bonds totalling EUR 14.2 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 at year-end stood as follows:

(IN THOUSANDS OF EUROS) 2011	NET VALUE C AND NC	OF WHICH NOT DUE	OF WHICH DUE 0-6 months	OF WHICH DUE 6 months-1 year	OF WHICH DUE > 1 year
Financial loans and receivables at amortized cost	2 542	2 542	-	-	-
Trade and other receivables	117 579	96 253	20 423	492	411
Other assets	20 310	18 965	391	10	944
TOTAL	**140 430**	**117 760**	**20 813**	**502**	**1 355**

The aged balance of loans and receivables at amortized cost at the end of the preceding two financial years was as follows:

(IN THOUSANDS OF EUROS)	2010				
	NET VALUE C AND NC	OF WHICH NOT DUE	OF WHICH DUE 0-6 months	OF WHICH DUE 6 months-1 year	OF WHICH DUE > 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**

(IN THOUSANDS OF EUROS)	2009				
	NET VALUE C AND NC	OF WHICH NOT DUE	OF WHICH DUE 0-6 months	OF WHICH DUE 6 months-1 year	OF WHICH DUE > 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	**130 717**	**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 up-dated 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, 2011, the residual contractual maturities of the Group's financial liabilities broke down as follows:

2011 (IN THOUSANDS OF EUROS)	BOOK VALUE	CONTRACTUAL CASH FLOWS	LESS THAN 1 YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS
Bank loans	197 636	203 099	169 308	25 160	8 631
Lease finance debt	17 265	18 520	5 167	11 524	1 829
Other financial debt	1 057	1 057	49	250	758
Short-term bank borrowings	681	681	681	-	-
Trade and other payables (incl. corporation tax debts)	136 134	136 134	135 883	251	-
Liabilities for replacing assets in concessions	170	170	170	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**352 943**	**359 661**	**311 258**	**37 185**	**11 218**
Hedging instruments	3 795	3 795	304	3 491	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**3 795**	**3 795**	**304**	**3 491**	**-**

For comparison purposes, the residual contractual maturities of the Group's financial liabilities at December 31, 2009 and December 31, 2010 were as follows:

2010 (IN THOUSANDS OF EUROS)	BOOK VALUE	CONTRACTUAL CASH FLOWS	LESS THAN 1 YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS
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	1 076	19	1 032	25
Short-term bank borrowings	582	582	582	-	-
Trade and other payables (incl. corporation tax debts)	120 321	120 321	118 971	1 350	-
Liabilities for replacing assets in concessions	903	903	903	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**359 588**	**366 726**	**168 182**	**193 804**	**4 741**
Hedging instruments	2 593	2 593	609	1 984	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**2 593**	**2 593**	**609**	**1 984**	**-**

2009 (IN THOUSANDS OF EUROS)	BOOK VALUE	CONTRACTUAL CASH FLOWS	LESS THAN 1 YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS
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	-
Liabilities for replacing assets in concessions	125	125	125	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**363 705**	**373 256**	**134 316**	**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 due.

The financial ratios to be complied with are as follows:

RATIO	COMMITMENT
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, credit balances of bank accounts, accrued discounted bills, Daily financing, factoring and other mobilized client receivables, less short-, medium-, and long-term marketable securities, cash on hand and the debit balances of bank accounts;
- equity means all shareholders' equity (Group share);
- EBITDA refers to consolidated operating income before deduction of all allocations net of write-backs of provisions concerning operating assets and risks and contingencies; as well as all allocations net of write-backs to amortization of tangible, intangible and financial fixed assets, and

before deduction of other operating income and expenses.

At December 31, 2011, the Group's bank gearing stood at 0.53 and bank-debt-to-earnings at 1.96, both ratios lying within the required range.

The Group's senior debt matured on April 12, 2012, on which date the Group reimbursed the last tranche of capital due (EUR 162.5 million) while putting in place a new financing structure.

The new structured debt will enable the Group to honour this maturity date and to finance its general needs, while significantly extending its duration, which will become six years.

This refinancing operation concerns EUR 188.3 million of debt and breaks down as follows:

- EUR 166.3 million by means of a bank credit maturing in 2017, amortized in tranches of 5% per quarter beginning in 2013;
- EUR 25 million by the issuance of a bond *in fine* at 96% of its nominal value, with a maturity date in 2019.

These new contracts carry a commitment to respect the same financial ratios as in the previous credit agreement, i.e. gearing (net financial debt/equity) of less than 1.1, and leverage (net financial debt/EBITDA) of less than 3.

Implementation of this new financial structure will lead to a gross global annual cost of debt in 2012 of 5% versus 3.59% in 2011, rising to approximately 6.61% in 2013.

Note 22 - Exposure to interest rate risk

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 2.09 million on Group shareholders' equity;
- a 1% instant upward change in interest rates would have a negative impact of EUR 0.5 million on the Group's financial costs in 2012, based on its indebtedness at December 31 and its reimbursement profile to date.

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)	2009	2010	2011
Foreign exchange income, Europe	(15)	109	32
Foreign exchange income, Americas	476	(49)	46
Foreign exchange income, Asia	-	-	-
TOTAL	461	61	78

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

2.1.6.3.5. Joint ventures – proportional consolidation

	SOGAD	
(IN THOUSANDS OF EUROS)	DEC. 31, 2010	DEC. 31, 2011
% held	50%	50%
Group share of current assets	557	769
Group share of non-current assets	947	772
Group share of current liabilities	2 265	2 321
Group share of non-current liabilities	413	354
Group share of revenue	2 109	2 160
Group share of EBITDA	496	469
Group share of current operating income	281	226
Group share of operating income	281	226

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. 8 577 535.

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

2.1.6.3.7. Dividends

In 2011, 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 80 109.90.

On April 19, 2012, 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)	2009	2010	2011
Short-term benefits	1 836 456	1 850 508	1 904 684
Post-employment benefits	-	-	-
Share-based payments	-	-	-
TOTAL	**1 836 456**	**1 850 508**	**1 904 684**

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, with the exception of the following: Séche Environnement has entered into a contract concerning the terms of its refinancing, enabling it to honour the last due date of its senior debt (capital of EUR 162.5 million due on April 12, 2012), to improve the maturity structure of its debt and to finance its development.

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 were as follows:

(IN THOUSANDS OF EUROS)	KPMG 2010	KPMG 2011	ACOREX 2010	ACOREX 2011
Auditing assignments				
• Statutory audit, examination of individual and consolidated accounts, certification of accounts				
- Séché Environnement	121	96	95	96
- Consolidated subsidiaries	222	230	161	167
• Additional assignments directly related to the auditors' mission	-	-	-	-
- Séché Environnement				
- Consolidated subsidiaries				
SUB-TOTAL 1	*343*	*326*	*256*	*263*
• Other services rendered by the auditors' networks to consolidated subsidiaries				
- Legal, tax and corporate	-	-	-	-
- Other	-	-	-	-
SUB-TOTAL 2	-	-	-	-
TOTAL	**343**	**326**	**256**	**263**

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