

FIRST-HALF FINANCIAL REPORT  
**30 JUNE 2011**

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# PROFILE AND KEY FIGURES FOR 2011

## GROUPE SEB, IN TOUCH WITH CHANGING TIMES

With a presence in almost 150 countries, Groupe SEB has won strong positions on the various continents, thanks to a wide and very diversified product range whose value is enhanced by an exceptional brand portfolio. Today it is the world leader in small domestic equipment.

This success is based on its ability to innovate and invent for day-to-day life in tomorrow's world.

## A MULTI-SPECIALIST GROUP

### ■ COOKWARE

Frying pans, saucepans, casseroles, bakeware, oven dishes, pressure cookers, low-pressure steam pots, kitchen utensils, etc.

### ■ KITCHEN ELECTRICS

**Electric cooking:** deep fryers, table-top ovens, rice cookers, induction hobs, electric pressure cookers, barbecues, informal meal appliances, waffle makers, grills, toasters, steam cookers, breadmakers, etc.

**Food preparation:** food processors, beaters, mixers, blenders, centrifugal juice extractors, small food-preparation equipment, filter or pod coffee makers, espresso machines, electric kettles, home beer-tapping machines, etc.

### ■ HOME AND PERSONAL CARE PRODUCTS

**Personal care:** hair styling and hair removal appliances, bathroom scales, foot massagers, baby-care equipment (including feeding bottles, bottle warmers, sterilisers and nightlights), etc.

**Linen care:** irons and steam generators, semi-automatic washing machines, garment steam brushes, etc.

**Home care:** upright and cylinder vacuum cleaners with and without bags (handheld and cordless), fans, heating and air treatment appliances, etc.

## WORLD RANKING

**No. 1** Cookware – Pressure cookers – Irons and steam generators – Kettles – Steam cookers – Toasters – Deep fryers – Breadmakers – Informal meal appliances – Weighing equipment (bathroom and kitchen scales)

**No. 2** Espresso coffee machines - Table-top ovens – Waffle and sandwich makers

**No. 3** Food preparation equipment - Electric depilators

### A LEADING POSITION SUPPORTED BY VERY WELL-KNOWN BRANDS:

- **Worldwide brands:** All-Clad, Krups, Lagostina, Moulinex, Rowenta and Tefal
- **Regional brands:** Calor and Seb (France and Belgium), T-fal, Mirro, WearEver, AirBake and Regal (North America), Arno, Panex, Rochedo, Penedo, Clock, Samurai, Imusa and Umco (South America), Supor (China), Asia Vina (Vietnam).

## AT 31 DECEMBER 2010

SALES  
€3,652m | + 15%

OPERATING MARGIN  
€438m | + 23%

NET INCOME  
€220m | + 51%

NET DEBT  
€131m | - €112M

CAPITAL EXPENDITURE  
€140m | + 28%

EMPLOYEES 31/12/2010  
23,058 | PEOPLE WORLDWIDE

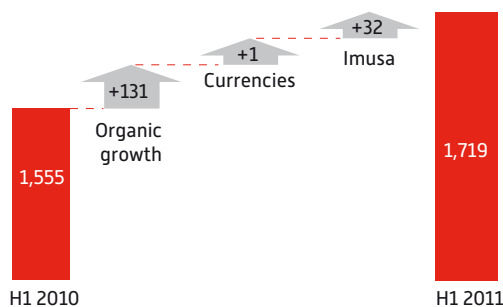
## AT 30 JUNE 2011

### GRUPE SEB CONSOLIDATED RESULTS

(in € millions)	H1 2010	H1 2011
Sales	1,555	1,719
Operating margin	168	155
Other operating income and expense	(8)	16
Operating profit	141	152
Net income, Group share	89	93

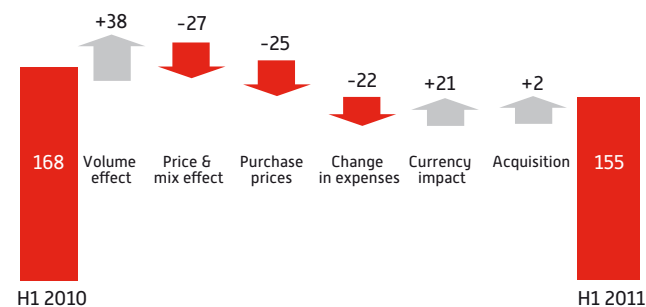
### CHANGE IN HALF-YEAR SALES

(in € millions)

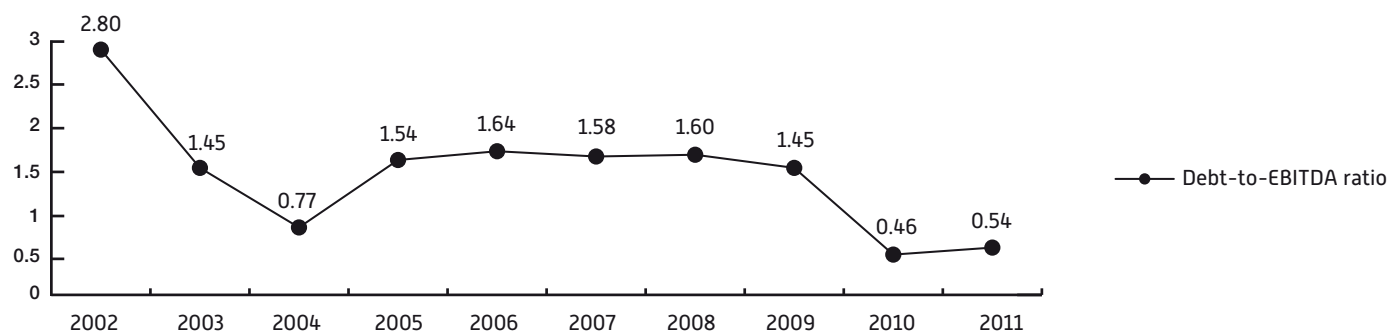
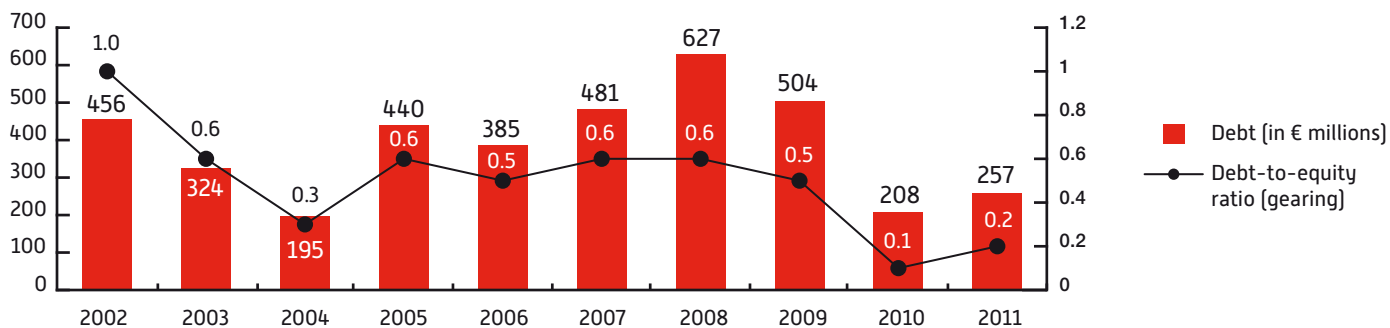


### DETAIL OF CHANGE IN OPERATING MARGIN

(in € millions)

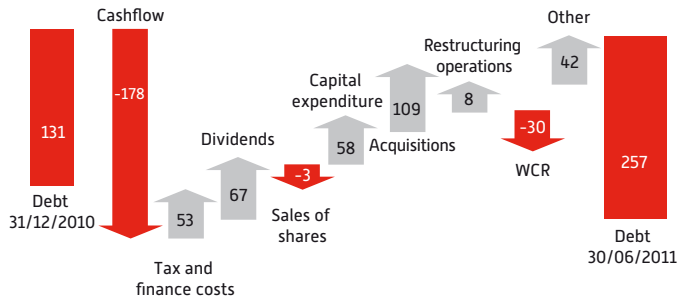


### NET DEBT AT 30 JUNE



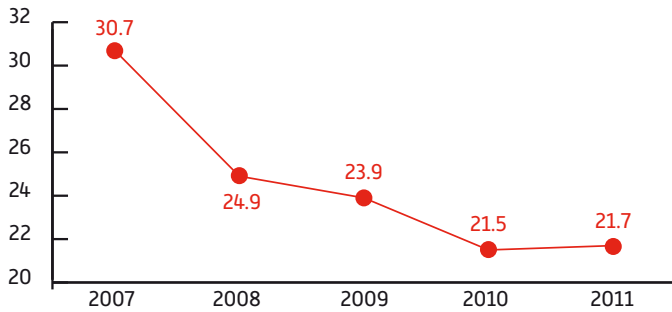
**CHANGE IN DEBT OVER 6 MONTHS**

(in € millions)

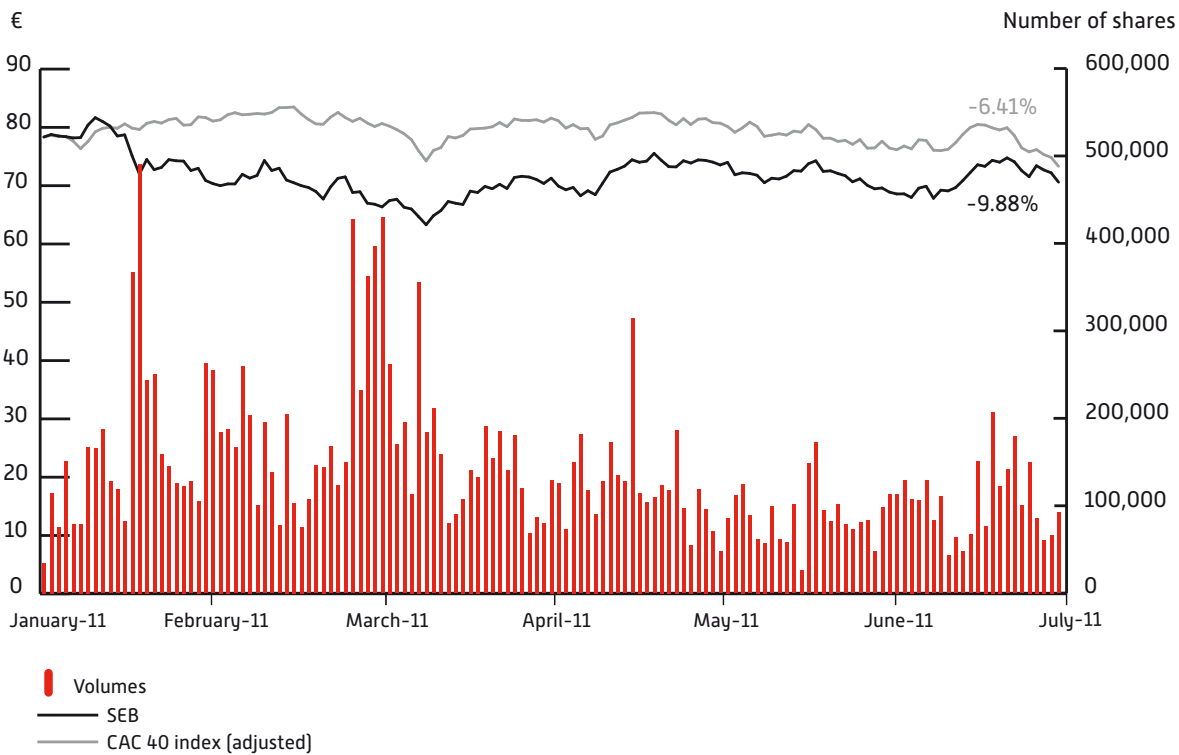


**WORKING CAPITAL REQUIREMENT (WCR) AT 30 JUNE**

(as a percentage of sales)



**SHARE PERFORMANCE**



# 2011 MANAGEMENT REPORT

## KEY EVENTS

### GENERAL CLIMATE

Trading activity in H1 took place in a generally favourable worldwide economic context, though there were some areas of concern:

- Eurozone countries (Spain, Portugal, Greece and Ireland) suffering from an economic downturn and slowing consumer spending;
- large sociopolitical movements in a number of Arab countries, that may have an impact on the per barrel price of oil. These events have, however, had little impact on the sales of the Group (limited turnover in the Near East and the Maghreb);
- a Japanese market marked by the disasters which have affected it and the subsequent impact upon consumer spending.

In this environment, the small domestic equipment sector is still being driven by strong demand for equipment from emerging markets, whilst mature markets are experiencing a slowdown in consumer spending. This situation is, however, partially offset by powerful trends such as the home-made food, the vogue for healthy cooking and the application of new technological solutions.

**Currencies.** The volatility which has dominated the last few years continued to prevail. During H1 2011, based on average exchange rates, currencies underwent contrasting changes compared with the first six months of 2010. Some of the Group's operating currencies strengthened against the euro, such as the Brazilian real (+4.2%), the yen (+5.5%) and the zloty (+1.3%), whilst the pound sterling (+0.2%) and the Mexican peso (+0.7%) remained virtually unchanged. Others, however, saw their value fall: this was the case for the dollar (-5.4%), the Turkish pound (-8.4%) and, to a lesser extent, the yuan (-1.3%) and the Korean won (-0.8%). These changes also concealed contrasting quarter-on-quarter trends: whilst almost all currencies, except the Turkish pound, strengthened against the euro during Q1, Q2 saw all of them fall in value. This significant volatility eventually led to an almost zero impact on sales and more marked profit on the operating margin.

**Cost of raw materials and transport.** Inflation in the cost of raw materials ran at a higher rate in H1 2011 compared with last year. All metals used in the composition of our products saw a significant increase (average price over the period): aluminium +20% to USD 2,554/t, copper +30% to USD 9,420/t and nickel (a component of stainless steel) +22% to USD 25,795/t. In this highly inflationary context, the Group pursued its hedging policy in order to smooth out the impact of the price increases whilst implementing targeted productivity plans and constantly controlling purchases of materials, components and sourced products. At the same time, prices of plastic materials followed the same upward trend (+20% compared with H1 2010) with a diluted impact on parts and sub-assemblies for the Group. This change is related to the rise in the price of a barrel of oil, which increased from USD 79 to USD 111 (+40%).

Sea transport costs remained relatively stable, with the exception of Asia/Europe traffic, where the reduction was noticeable due to excess container capacity caused by demand not rising to expected levels. Air and road freight, meanwhile, are subject to the fuel surcharge (diesel) which causes their prices to rise.

### ACQUISITION OF IMUSA IN COLOMBIA

After opening negotiations with Imusa's shareholders in July 2010, in December the Group was given the green light by the Colombian authorities allowing it to finalise the acquisition of the Colombian company on 28 February 2011. Imusa manufactures and markets aluminium, stainless steel and cast aluminium cookware (frying pans, saucepans, stockpots, local cooking pots known as 'calderos', pressure cookers, etc.) and plastic products for food and domestic use (storage boxes, kitchen utensils, thermos flasks, etc.). Based on turnover of around €90 million in 2010, 57% of the company's business came from the domestic market, 28% from the United States – its largest export market – and the balance from other Latin American countries. Leader on the Colombian market under its two brands, Imusa and Umco, it has two industrial sites, two commercial premises (Columbia and the United States) and 12 directly-owned stores. The company has around 1,000 employees. With this acquisition, the Group has strengthened its leading position in small domestic equipment on the Colombian market, where it was already the leader in small domestic appliances through its Samurai brand. Moreover, it is complementing and spreading its presence across several other Latin American markets (Venezuela, Central America, Ecuador and the Caribbean) and focusing on the Hispanic population of the United States with a targeted product range.

The integration process is forging ahead in terms of both product development and production, logistics, IT systems, financial reporting and human resources. A range of electrical cooking products developed in synergy with the Group will be launched in the second half of 2011 under the Imusa brand.

### TAKEOVER OF THE VIETNAMESE COMPANY ASIA FAN

On 12 May 2011, the Group took over the Vietnamese company Asia Fan, the national leader on the fan market. Its stake amounts to 65% of capital, with 30% of the remaining shares held by the founding family and 5% by employees. Specialising in the production and marketing of fans, the largest category of small domestic appliances in South-East Asia, Asia Fan is represented by its ASIAvina brand, which has a strong national reputation. In 2010, the company achieved sales of around €11 million, an increase of more than 30% in two years. The workforce is made up of 700 people. Its operations run on two industrial sites and 40 directly-owned stores. As with the acquisition of Imusa, this takeover forms part of the Group's development strategy in rapidly emerging countries such as Vietnam, where the small domestic appliance market is experiencing growth of between 15 and 20% per year. It provides a complementary business to the deployment of Supor in Vietnam, which is already present in the field of cookware and kitchen electrics and a gateway to the other markets in South-East Asia. The integration process is underway.

## PROJECT TO INCREASE THE GROUP'S STAKE IN THE CHINESE COMPANY SUPOR

In February 2011, the Su family, who founded the company, reported their intention to sell an extra 20% of the capital of Supor. Having already bought out shares from the Su family in 2007 and owning 51.3% of the company, Groupe SEB took the option to purchase the additional 20%. The Group agreed to purchase 115,450,400 shares at the price of CNY 30 per share, giving a total transaction amount of CNY 3,464 million (around €371 million based on the CNY/€ as at 30 June 2011). The project was approved by Supor's Board of Directors on 16 February and General Meeting on 4 March 2011. The dossier was then submitted for approval to the MOFCOM (the Chinese Ministry of Commerce) and the CSRC (the China Securities Regulatory Commission). On 7 July, the MOFCOM authorised Groupe SEB to increase its shareholding in Supor's capital to 71.3%. The project is still being reviewed by the CSRC.

This additional acquisition is intended to consolidate the strategic investment made by the Group in Supor in 2007 and to ensure the company's mid-to long-term development based on solid, stable share ownership.

## EXTENSION OF THE SUPOR SITE IN WUHAN

The extension of this site, which specialises in the production of cookware for the Chinese domestic market, began in May 2010. It should allow the company to keep up with demand more effectively and double production capacity with ultra-modern processes and production lines. Wuhan will thus become the largest cookware manufacturing site in Asia. The total investment devoted to this project since it began amounts to CNY 500 million, i.e. around €53 million. The site's workforce currently stands at 1,700 employees.

## FIRST BOND ISSUE

In May 2011, the Group launched its first bond issue in the amount of €300 million, with a term of five years (maturing on 3 June 2016) and an annual coupon of 4.5%. The issue was hugely oversubscribed (€600 million), a sign of investors' confidence and their appetite for the first bonds issued. It allows Groupe SEB to extend the average maturity of its debt and diversify its sources of financing beyond existing credit lines, whilst benefiting from an advantageous financing opportunity. The bonds are listed on Euronext Paris.

## CREATION OF A SEB ALLIANCE INVESTMENT FUND

With a view to opening up its innovation policy to new and external technologies, in May 2011 the Group created a SEB Alliance investment fund endowed with capital of €30 million. This structure will target innovative companies with a strong high-tech content in fields such as: population ageing, promotion of healthy living, new energies, robotics, digital technologies, etc. SEB Alliance made its first investment by purchasing a stake in the American company Key Ingredient, a start-up specialising in the development of digital cooking solutions. In 2008, the company created an innovative service which allows a community of 40,000 members to collect, save and share their cooking recipes in one digital format on the keyingredient.com website. This recipe database can be accessed via an iPad or Android application or even using a dedicated touchscreen tablet.

## ACTIVITIES OF THE GROUPE SEB FOUNDATION

Created in 2007, the Groupe SEB Foundation's mission is to combat social exclusion. It lends its support to projects assisting with the social rehabilitation of underprivileged people, via three channels: work, housing and education/training. In 2010, 48 projects received support from the Groupe SEB Foundation. In total, 141 projects of very diverse kinds have been supported since its creation (out of more than 1,000 projects received). For 2011, the support budget is €558,000 in cash and €326,000 in gifts of products.

The network of key partners of the Foundation (comprised of Habitat et Humanisme, Fondation de la 2<sup>e</sup> Chance, Envie, Fondation d'Auteuil and Agence du Don en Nature) has been joined by a new partner: the French charity Secours Catholique. A project aimed at equipping "petits lieux de vie", drop-in centres with small domestic appliances, is underway in Caen, on the initiative of the Groupe SEB Foundation, and is now being rolled out across France. Around fifty drop-in centres across the country will be equipped with the Group's products.

In H1 2011, the Group also carried out humanitarian work in support of those affected by natural disasters. Following the events in Japan last March, the Group donated €168,000 to the Japanese Red Cross via its Foundation and subsidiaries and donated products worth more than €420,000. A collection was also launched among its employees worldwide, bringing in donations amounting to €12,000.

As a reward for its actions, Groupe SEB received the 'Ethics & Governance' trophy under the "Grande Entreprise Française" category, in recognition of its investment in sustainable development as well as its efforts to combat exclusion through its Foundation. This prize was awarded in February 2011 by the "Ecole des Dirigeants et Créateurs d'entreprise" business school (EDC).

## TRADING ACTIVITY

Sales (in € millions)	H1 2010	H1 2011	Variation as %*	
			Current exchange rates	Like-for-like and constant exchange rates
France	297	291	-2.2%	-2.2%
Other Western European countries	323	341	+5.8%	+5.8%
North America	167	172	+3.1%	+2.0%
South America	148	190	+27.9%	+9.6%
Asia-Pacific	357	433	+21.5%	+19.6%
Central Europe, Russia and other countries	263	292	+11.0%	+12.2%
<b>TOTAL</b>	<b>1,555</b>	<b>1,719</b>	<b>+10.6%</b>	<b>+8.4%</b>

\* Calculated on unrounded figures.

In H1 2011, the macro-economic environment remained favourable overall, but with some contrasting characteristics, such as:

- stable demand in Western Europe, except in some countries including Greece, Spain and Portugal;
- the ongoing vitality of emerging markets;
- the competitive and promotional nature of most markets.

In this context, and despite the bar having already been set high in 2010, Groupe SEB recorded sales of €1,719 million, up 10.6% and originating mainly in volumes. This figure includes a contribution from Imusa, consolidated since 1 March, in the amount of €32 million. On a like-for-like basis and at constant exchange rates, sales growth amounted to 8.4%, made up of +11.6% in Q1 and +5.4% in Q2, reflecting a slowdown in a number of countries.

Currencies remained highly volatile, ultimately having a near-zero impact on sales, as Q2 cancelled out the largely positive effect recorded over the first three months of the year.

### PRODUCT PERFORMANCE

The innovation policy continued to energise the Group's product range, with some 90 new products and models having been introduced on our various markets in H1.

**Cookware.** The entry-level range developed in late 2010 and manufactured in France experienced excellent growth and allowed the company to regain its position on this segment. The mid-range – which has been completely revitalised with the implementation of new technologies (ultra-resistant coatings, reinforced bases ensuring better heat distribution, detachable features) – was successfully introduced onto the European markets. The top-range All-Clad and Lagostina sets, meanwhile, suffered a slight drop in performance. At the same time, Imusa provided a new product range in South America and enhanced its ranges with synergy products such as pressure cookers and detachable handles which will be introduced to the Colombian market in H2. Meanwhile, Tefal is set to launch its induction base mid-range, continuing its international deployment.

**Kitchen electrics.** This area, which is experiencing strong growth, is driven by the 'home-made' trend. Its dynamism is drawn from food preparation, with some emblematic products such as the Fresh Express multi-grater, the Moulinette, the meat mincer – mainly in Russia – and the Kitchen Machine food processor, mainly in Brazil. The relaunch of Moulinex in nine European countries also made a significant contribution to this performance. Another growth driver lies in coffee machines (Nespresso and Dolce Gusto),

particularly the recently-launched Pixie and Piccolo models, which respond to the current craze for coffee portions in a multitude of different types. The Nutritious & Delicious range, with its flagship product Actifry, is pursuing its international expansion with a promising launch in Brazil. The Actifry range will be expanded in H2 with two new versions: one on the entry-level segment and another on the top-range segment, featuring the integration of new functions. Furthermore, a Soup & Co heated blender model and a Masterchef 2000 compact food processor are set to revitalise the food preparation ranges in the autumn.

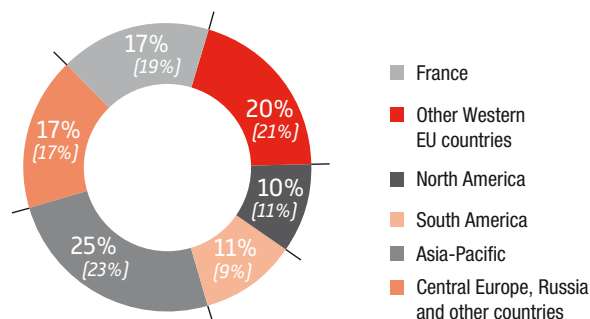
**Linen and home care.** The growth of steam generators in new territories such as Turkey and Russia has given a shot in the arm to a lifeless ironing market. On its traditional markets, the Group is strengthening its positions by making market share gains through technological advances (self-cleaning soleplate, limescale filter, steam generator on wheels) and the renowned performance of its products. In steam irons, despite a few one-off difficulties, business remains at a healthy level in the United States, Mexico and Turkey. However, the Rowenta brand, with a strong presence in Southern Europe, is suffering from the gloomy economic climate.

Moreover, performance was remarkable in home care, with growth in double figures drawn from two areas: Air Force cordless upright vacuum cleaners and Silence Force cylinder vacuum cleaners. Air Force is enjoying great success pressing ahead with its conquest of new markets, particularly Italy and Turkey. New Silence Force Extreme models, even quieter and more user-friendly, will further enrich the product range in H2. In fans, sales fell due to the poor weather conditions at the turn of the year in South America (Brazil, Colombia). The takeover of the Vietnamese company Asia Fan will expand the Group's scope and allow it to open up new prospects on Asian markets.

**Personal care.** This business, impacted by the crisis in 2008-2009, returned to some level of growth, driven mainly by excellent performance in South America. Haircare made up some ground through an expanded range with hair dryer products at entry-level and hair styling products on the mid-range segment. Meanwhile, hair removal – boosted by Aquaperfect (underwater depilator) – achieved record growth and allowed the Group to regain some market shares. The Elite and Weight Watchers partnerships (specifically in bathroom scales) play a leading role on our various ranges that should be further enhanced in H2. Moreover, in September we will be introducing a new category of Well-being products: massage cushions, chairs and mats.

## GEOGRAPHICAL PERFORMANCE

Groupe SEB is active in almost 150 countries and achieved H1 2011 sales distributed as follows:



(H1 2010 figures).

**In France**, in a context where consumer spending has levelled off slightly, the small domestic appliance market remained favourable overall in H1, although kitchen electrics did suffer a slowdown in Q2 whilst the cookware market remained buoyant. The competitive environment remained fierce in terms of both products and prices, as reported by some distributors. In this environment, the Group's sales fell by 2.2% during H1, affected by promotional offers in small domestic appliances and by a rival loyalty-building initiative organised by one of our cookware distributors. Results were nevertheless very satisfactory for traditional breakfast equipment and Nespresso and Dolce Gusto pod coffee makers. The success of the Air Force upright vacuum cleaner was confirmed and the Group improved its ranking. In personal care, although business did suffer some difficulties, the Group recorded resurgent dynamism on certain key products such as epilators, hair dryers and hair straighteners. In food preparation, the success of Fresh Express continued, whilst the other food preparation operations awaited the introduction of new products. In electric cooking, business felt the strain caused mainly by a strong sales history on Actifry. In linen care, the drop in the market mainly affected steam irons.

**In the other Western European countries**, despite comparison with strong figures in the previous year, Groupe SEB recorded sales growth of 5.8%, with a positive contribution from all markets - except Greece, Spain and the Netherlands - and market share gains in both small domestic appliances and cookware.

In Spain, the economic environment is still very strained and some distributors continue to suffer difficulties. The small domestic equipment market has gradually turned negative and the Group's sales are down, but market shares are improving thanks mainly to positive results for vacuum cleaners, steam generators, cookware and Nespresso. Greece, which has been deeply affected by the crisis, also suffered a marked downturn on a collapsing market. In contrast, on a weakened market, business in Portugal benefited from the relaunch of Moulinex. In Italy, the Group had a good H1 and outperformed the market, enjoying great success in vacuum cleaners, Fresh Express, Nespresso and both linen and personal care.

In Germany, the market, though experiencing growth, was nonetheless still very price- and promotion-oriented. Despite recent price rises, the Group recorded an increase in sales and won market shares with, in particular, sustained results from food preparation (relaunch of Moulinex), Dolce Gusto and Nespresso pod coffee makers and vacuum cleaners. The same phenomenon was seen in Belgium, which also recorded business growth and strengthened its positions.

Elsewhere in northern Europe, the United Kingdom achieved a very strong performance in H1 - although the basis of comparison was still favourable - driven by cookware, which expanded its product listings, deep fryers, linen care (with, in particular, a recovery in steam irons) and Dolce Gusto and Nespresso pod coffee makers. In Austria, the Group's sales rose, driven by steam generators and food preparation, whilst the Netherlands ran out of steam on a weakened market and despite the electrical business experiencing growth. Finally, in the Scandinavian countries sales rose sharply thanks mainly to the relaunch of Moulinex.

**In North America**, in an economic climate that remained sluggish, the Group recorded sales growth of 2.0% on a like-for-like basis and at constant exchange rates during H1 2011. If Imusa's contribution is included, sales increased by 3.1% at current exchange rates, with the situation varying from country to country.

In the United States, the Group's fourth largest market, the financial status of households is gradually returning to normal and consumer spending is recovering little by little, under the impetus of a return to lending. However, the recovery remains fragile and the macro-economic indicators negative. In this uncertain context, the Group ended the quarter in a position of growth. In cookware, T-fal's business remained at a good level despite a highly promotional competitive environment. Positioned on the entry-level segment, WearEver continued in its role as a complement to T-fal and as a presence for market occupation, whilst Emeril enjoyed sustained sales through the teleshopping channel. On the top-range segment, the Group is preparing the launch of the new All-Clad stainless steel ranges and the repositioning of the brand planned for H2 by clearing out old stock. As regards Imusa, business was highly dynamic in H1 and the Group is gradually launching synergies in relation to products and distribution networks. On the small domestic appliance market, the Group's presence is still small but advances were made in electric cooking, driven by Emeril barbecues and deep fryers. Moreover, Krups' business remained at a low level in view of the launches in H2. Finally, in linen care, Rowenta experienced an erratic H1, with a very good reception for the new iron ranges on the one hand and a downturn on the garment steam brush market on the other.

Canada recorded a very strong H1, driven by a recovery in consumer spending and a more offensive commercial policy. The Group benefited in particular from sustained results in cookware and strong sales growth in electric cooking - deep fryers (including Actifry) and toasters - and on Tefal Dolce Gusto.

Business in Mexico was very robust, but sales were hindered by the non-renewal of a loyalty programme implemented last year with a major customer.

**In South America**, business remained at a healthy level, though with a more strained Q2 on some markets. The Group's sales rose by 9.6% at constant exchange rates and on a like-for-like basis. Including Imusa, growth amounted to +27.9%.

In Brazil, the Group's largest market in the region and third largest worldwide, various phenomena had a combined effect. From an economic point of view, the government's measures to control inflation by increasing interest rates

automatically caused a drop in lending. At the same time, the real remained at a high level, encouraging the import of products manufactured in China to the detriment of local industry. Finally, the unfavourable weather (with the La Niña weather pattern affecting the entire region) had a highly negative impact on the fan market. In this context, the Group recorded sales growth of 9.4% at constant exchange rates (+12.4% at current exchange rates), including a sharp drop in fans and food preparation, a category particularly affected by the influx of inexpensive Chinese products. These difficulties were offset by very strong results for non-automatic washing machines, spin dryers and irons, rapid growth for Dolce Gusto and the expansion in haircare distribution. The Group also experienced a very good H1 in cookware, resulting in its positions being strengthened. In H2, it will pursue its strategy based on enhancing the complementary nature of its brands and market-making. Meanwhile, it has greatly benefited from the expansion of its directly-owned distribution network.

Colombia experienced a positive financial dynamic. On a like-for-like basis, excluding fans – which suffered from poor weather conditions – the Group's business recorded rapid growth in all product categories, especially in food preparation and personal care. The Group was also supported by the deployment of its stores under its own brand name. Imusa, consolidated since 1 March, strengthened this dynamic and will allow synergies to be achieved rapidly in both commercial and marketing terms.

Fortunes in the region's other countries were more contrasting. In Venezuela, the Group regained a local balance and returned to growth despite a difficult political context. In Chile, in a very buoyant economic context, the Group recorded a dynamic H1 combining successful launches, such as Actify and Fresh Express, and sales team successes.

The region's black spot lies in Argentina, where the Group recorded a sudden halt in small domestic appliance sales following the measures taken by the government to block imports of electrical products. In this context, the Group drew on existing stock and on its cookware business, which was not affected by these measures.

**In Asia-Pacific**, sales increased by 21.5% at current exchange rates (+19.6% at constant exchange rates), the result of an improvement across almost all markets except Japan, which is going through a more difficult period. On this market, sales were unchanged from H1 2010. The earthquake on 11 March and its consequences have had a major impact on consumer spending and behaviour, with buying focused in particular on certain categories of essential products (mineral water, survival kits, fans, etc.). In this context, the Group maintained its business level, with a particularly good dynamic in frying pans and in food preparation. In Korea, the Group ended H1 in a position of sustained growth and improved its ranking, particularly in the haircare segment. This dynamic was rounded out by the success enjoyed by food preparation (mini-blender dedicated to the market and handheld mixer), coffee makers and toasters. In cookware, however, business slowed in the face of aggressive local competition. In other countries in South-East Asia, the Group continued its expansion, seeing particularly positive results in Hong Kong, despite the non-renewal of a loyalty program, Thailand - which is experiencing a period of sustained growth - and Singapore.

In China, on a still very lively small domestic equipment market, Supor achieved a solid performance in H1, marked in particular by a buoyant Q1. In cookware, growth was driven by woks, frying pans, steam cookers (non-electrical) and, to a lesser extent, pressure cookers, which came up against fierce competition from their electric counterparts. In small domestic appliances, almost all categories experienced rapid growth and Supor gained some market shares. Supor recorded marked success in rice cookers, induction hobs, electric pressure cookers and kettles, driven by new models. The expansion of the Supor Lifestores network also contributed to this performance.

Finally, after two difficult years, the Group made a stark recovery in Australia. Business was sustained by the successful deployment of our bestselling products: Actify, which benefited from significant advertising support and an effective viral marketing campaign, the Air Force upright vacuum cleaner and Fresh Express in New Zealand.

**In Central Europe, Russia and other countries** (Turkey and the Middle East, Africa, etc.), the economic indicators are positive and the recovery is confirmed on a number of markets. The Group thus achieved sales growth of 11% at current exchange rates and 12.2% at constant exchange rates.

In Russia, the Group's fifth largest market, the economic context is favourable and consumer spending is gradually increasing. The situation in distribution has stabilised, although the concentrations observed recently have applied increased pressure on commercial terms. During H1, the Group recorded a sustained increase in activity and improved its ranking on a buoyant market, reinforcing its leading position. Personal care (hairdryers and straighteners), vacuum cleaners, food preparation (mincers) and Nespresso were the main drivers of this growth. In Ukraine, consumer spending was very lively and the market very healthy in H1. In this context, the Group outperformed the market and recorded strong sales growth led by vacuum cleaners, cookware, breadmakers, yoghurt makers and Dolce Gusto. In Poland, the economic recovery was confirmed and the market favourable, if highly competitive and promotional. On this market, the Group achieved sustained sales growth led by cookware, food preparation, the Air Force vacuum cleaner and Dolce Gusto, benefiting from enhanced advertising support. Markets and consumer spending elsewhere in Central Europe were somewhat lifeless, resulting in tougher requirements on the part of distributors (stock management, commercial terms). The Group has nonetheless remained a key player, particularly by implementing several loyalty programmes contributing positively to sales.

In Turkey, the context was positive aside from a slowdown in Q2. Over the half-year period, sales saw strong growth despite inflation, the fall in the value of the Turkish pound and the ongoing protectionist measures. The Group was supported by both the power of its brands and its extensive commercial presence, particularly through its Tefal Shops. In the rest of the Near- and Middle-East, political crises had a limited impact on the Group's sales. With a small presence in the most affected countries, the Group also benefited from sustained business in Saudi Arabia, driven mainly by Moulinex food preparation, Actify, irons and personal care, introduced at the end of the period.

## COMMENTS ON RESULTS

H1 2011 benefited from a relatively buoyant overall environment, but was marked by an economic slowdown over the period which led to more moderate consumer spending in a number of countries – mainly developed markets – in Q2, after a particularly dynamic start to the year. For the Group, business in the first six months is not representative of the whole year, due to the strong seasonality of sales in the fourth calendar quarter caused by holiday periods. Nonetheless, it remained at a level of sustained growth over the period, despite the basis having already been set very high in 2010. In terms of currencies, volatility was still prevalent, but the final net currency effect was not material on sales, Q2 cancelling the positive effect recorded over the first three months of the year.

For the first six months of 2011, **the operating margin** came to €155 million (€168 million and €106 million in H1 2010 and 2009 respectively), representing 9% of sales versus 10.8% at 30 June 2010 and 7.7% at the end of June 2009.

Compared with the exceptionally high level recorded at 30 June 2010, this result and this rate of 9% represent a good performance for the first half of the year.

On contrasting markets, we have adjusted our commercial policy in a targeted manner, taking an annual perspective to managing growth, in particular by strengthening our investments in growth drivers. This approach had the following effects on the operating margin:

- a positive volume effect of €38 million, which was generated by market share gains and allowed strong industrial activity and the effective absorption of production costs;
- a price-product mix effect down by €27 million, neutralising the price increases made and reflecting more promotional markets, selling price adjustments in some countries and the impact of the dynamic of new economies on the mix;
- an increase of €22 million in investments in innovation, advertising and marketing (mainly for the relaunch of the Moulinex brand in Europe) and in the expansion of our store network.

Moreover, an excess cost of €25 million, created by an increase in prices of metals and plastics, impacted upon our direct production purchases and sourced products. This increase was partially offset by a currency effect of +€21 million, which included the favourable impact on purchases of the fall in the value of the dollar against the euro.

The change in the scope of consolidation originating in Imusa's consolidation since 1 March led to an impact of €2 million, whilst the Vietnamese company Asia Fan will only be integrated in H2.

**Operating profit** amounted to €152 million at the end of June, compared with €141 million in H1 2010. The difference between the two periods was mainly the result of a significant change under 'Other income and expenses', which increased from -€8 million to +€16 million. This was caused by the near-absence of restructuring costs over the first six months of 2011, and the recognition of a substantial capital gain (€14 million) from the sale of a plot of land in Brazil, which was finalised at the start of the financial year. Moreover, bonus and profit-sharing schemes amounted to €19 million, in line with H1 2010.

**Net financial expense**, at -€7 million, was unchanged from H1 2010, with the favourable impact related to the reduction in average debt (€178 million versus €195 million a year ago) "offset" by an increase in the average finance rate. This rate, net of the unfavourable mathematical impact of Supor's cash on the rate calculation, came to 5.41% in H1 2011 (4.84% in H1 2010).

**Net profit after tax** came to €93 million (€89 million at 30 June 2010, after a tax expense of €38 million, corresponding to a rate of 26.2%, comparable with last year's). Net profit is also stated after deduction of the amount referable to minority interests (Supor), which amounted to €13 million, compared to €10 million in H1 2010, and reflects the marked improvement of business in China.

## FINANCIAL STRUCTURE

At 30 June 2011, the Group posted a solid balance sheet and a healthy, comfortable financial position.

**Shareholders' equity** in the Group at the end of June came to €1,561 million, virtually unchanged from €1,571 million at 31 December 2010. This stability was the result of various factors which had, however, contrasting effects:

- a positive profit contribution for the period;
- negative translation adjustments in the amount of €54 million, caused by the impact of the depreciation of currencies on the capital of several subsidiaries, with the hardest-hit countries being China and Turkey;
- the payment of dividends (in the total sum of €67 million);
- €3 million in sales of SEB treasury stock to cover the exercise of stock options (236,443 shares).

Meanwhile, **net debt** at 30 June 2011 came to €257 million (€208 million at the end of June 2010), versus €131 million at the end of December 2010, representing an increase of €126 million over the first six months of the year. This change is attributable to various trends. The positive factors included the cashflow made available, the improved working capital requirement (amounting to around €30 million), the income from the sale of a plot of land in Brazil and sales of treasury stock. Payments out included tax, finance costs, dividends paid and investments made (€58 million), as well as the acquisitions of Imusa and Asia Fan. Under these conditions, the gearing ratio amounted to 16.5%, compared with 8% at the end of December 2010. The debt/EBITDA ratio, which reflects the Group's ability to pay off its debts, increased from 0.28 at 31 December 2010 to 0.54 at 30 June 2011. The Group is therefore still in a healthy, sound financial position, with a structure that is even further diversified and extended following the bond issue carried out in May.

## OUTLOOK

In an overall climate in relatively good health, though with contrasting fortunes between markets, Groupe SEB achieved a very satisfactory performance level in H1 2011, even after the bar was set particularly high in 2010. **Groupe SEB strengthened its positions on its markets, achieved strong organic sales growth and maintained a solid operating margin**, despite a decrease compared with the record level achieved in H1 2010. It is important to remember that H1 is not representative of the whole financial year and that the performance achieved over the first six months cannot be extrapolated over the entire year owing to the high seasonality of sales and results during the last calendar four month period.

For the next few months, the Group does not anticipate any significant change to the economic climate, with the situation likely to remain contrasted between stable demand in most mature markets and lively consumer spending in emerging countries. However, the competitive and promotional nature of the markets will doubtless continue to prevail across the board. Furthermore, prices of raw materials are set to continue to rise, impacting upon the Group's purchases – especially of metals and plastics – despite the hedging implemented on aluminium, copper and nickel. Currencies, meanwhile, will most likely continue to be marked by the high volatility that has affected various regions at various times over the past few years. The Group's purchases should continue to benefit from the weakening of the dollar against the euro, if it continues, in relation to both materials and outsourced products.

Under these conditions, Groupe SEB is targeting **further growth in turnover**, which will be driven by:

- **organic growth** originating in the product dynamic through the launch throughout the year of more than 250 new products and models; the effect of the relaunch of Moulinex in Europe; robust business in emerging countries; market share gains;
- **external growth**, with the contributions from Imusa over ten months and Asia Fan over six months.

**The improvement in the operating margin value** will be achieved through organic growth, which is the primary driver, and through the appropriate management of selling prices taking into account purchase prices, the level of absorption of industrial costs and changes in exchange rates. The Group will, as usual, keep a tight rein on all costs and will press ahead with the initiatives undertaken in relation to indirect purchases. Nevertheless, it will not sacrifice its investments in innovation or in market growth drivers (sales, marketing and advertising).

**The Group's financial structure will remain healthy and solid** owing to the large-scale debt reduction carried out over the past few years, a diversified financing structure and extended debt maturity. It leaves significant financial leeway, which should allow the Group to seize any acquisition opportunities that may arise.

Though it must remain cautious, Groupe SEB can confidently enter the second half of the year and target continued growth in its sales and its operating margin value for 2011.

# 2011 FINANCIAL REPORT

## Condensed consolidated financial statements for the six months ended 30 June 2011

### CONSOLIDATED INCOME STATEMENT

<i>(in € millions)</i>	<b>2011 6 months</b>	<b>2010 6 months</b>	<b>2010 12 months</b>
Revenue (Note 3)	1,719.4	1,555.1	3,651.8
Operating expenses (Note 4)	(1,564.3)	(1,387.2)	(3,213.9)
<b>OPERATING MARGIN</b>	<b>155.1</b>	<b>167.9</b>	<b>437.9</b>
Discretionary and non-discretionary profit-sharing (Note 5)	(19.1)	(18.5)	(50.4)
<b>RECURRING OPERATING PROFIT</b>	<b>136.0</b>	<b>149.4</b>	<b>387.5</b>
Other operating income and expense (Note 6)	15.7	(8.0)	(38.5)
<b>OPERATING PROFIT</b>	<b>151.7</b>	<b>141.4</b>	<b>349.0</b>
Finance costs (Note 7)	(6.4)	(6.4)	(12.0)
Other financial income and expense (Note 7)	(0.6)	(0.6)	(3.9)
Share of profits/(losses) of associates	0.0	0.0	0.0
<b>PROFIT BEFORE TAX</b>	<b>144.7</b>	<b>134.4</b>	<b>333.1</b>
Income tax expense (Note 8)	(37.9)	(35.3)	(89.5)
<b>PROFIT FOR THE PERIOD</b>	<b>106.8</b>	<b>99.1</b>	<b>243.6</b>
Non-controlling interests	(13.4)	(9.8)	(23.2)
<b>PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>93.3</b>	<b>89.3</b>	<b>220.4</b>
<b>EARNINGS PER SHARE (IN €)</b>			
Basic earnings per share	1.94	1.89	4.65
Diluted earnings per share	1.89	1.86	4.55

The accompanying Notes 1 to 14 are an integral part of these consolidated financial statements.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	<b>2011 6 months</b>	<b>2010 6 months</b>	<b>2010 12 months</b>
<b>PROFIT FOR THE PERIOD</b>	<b>106.8</b>	<b>99.1</b>	<b>243.6</b>
Exchange differences on translating foreign operations	(54.0)	162.9	111.6
Gains (losses) on cash flow hedges	(2.7)	(2.5)	7.6
<b>OTHER COMPREHENSIVE INCOME</b>	<b>(56.7)</b>	<b>160.4</b>	<b>119.2</b>
<b>COMPREHENSIVE INCOME</b>	<b>50.1</b>	<b>259.5</b>	<b>362.8</b>
Non-controlling interests	(3.3)	(35.3)	(39.0)
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>46.8</b>	<b>224.2</b>	<b>323.8</b>

## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b>			
<i>(in € millions)</i>	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>31 December 2010</b>
Goodwill	417.8	450.4	409.1
Other intangible assets	414.0	416.3	398.7
Property, plant and equipment	448.9	426.3	426.5
Investments in associates	0.0	0.0	0.0
Other investments	11.6	0.5	0.6
Other non-current financial assets	8.6	8.0	7.9
Deferred tax assets	50.0	60.0	40.2
Other non-current assets	7.7	6.7	4.2
Long-term derivative instruments	0.0	0.3	2.5
<b>NON-CURRENT ASSETS</b>	<b>1,358.6</b>	<b>1,368.5</b>	<b>1,289.7</b>
Inventories	752.7	641.4	635.5
Trade receivables	506.2	464.6	733.9
Other receivables	63.4	58.5	59.4
Current tax assets	35.4	6.8	26.8
Short-term derivative instruments	10.0	2.0	14.1
Cash and cash equivalents (Note 11)	475.0	226.2	236.6
<b>CURRENT ASSETS</b>	<b>1,842.7</b>	<b>1,399.5</b>	<b>1,706.3</b>
<b>TOTAL ASSETS</b>	<b>3,201.3</b>	<b>2,768.0</b>	<b>2,996.0</b>
<b>EQUITY AND LIABILITIES</b>			
<i>(in € millions)</i>	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>31 December 2010</b>
Share capital	50.0	50.0	50.0
Reserves and retained earnings	1,398.7	1,311.1	1,409.9
Treasury stock (Note 9)	(55.7)	(82.6)	(61.7)
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>1,392.9</b>	<b>1,278.5</b>	<b>1,398.2</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>168.5</b>	<b>169.4</b>	<b>173.1</b>
<b>EQUITY</b>	<b>1,561.4</b>	<b>1,447.9</b>	<b>1,571.3</b>
Deferred tax assets	64.1	61.0	54.9
Long-term provisions (Note 10)	120.2	115.9	120.0
Long-term borrowings (Note 11)	536.6	201.2	201.8
Other non-current liabilities	26.3	25.0	23.7
Long-term derivative instruments	0.7	1.9	0.3
<b>NON-CURRENT LIABILITIES</b>	<b>747.9</b>	<b>405.0</b>	<b>400.7</b>
Short-term provisions (Note 10)	57.3	75.6	78.3
Trade payables	409.3	385.9	494.4
Other current liabilities	184.5	186.6	250.8
Current tax liabilities	35.2	20.3	24.6
Short-term derivative instruments	7.6	15.9	5.8
Short-term borrowings (Note 11)	198.1	230.8	170.1
<b>CURRENT LIABILITIES</b>	<b>892.0</b>	<b>915.1</b>	<b>1,024.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,201.3</b>	<b>2,768.0</b>	<b>2,996.0</b>

The accompanying Notes 1 to 14 are an integral part of these consolidated financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

<i>(in € millions)</i>	<b>2011 6 months</b>	<b>2010 6 months</b>	<b>2010 12 months</b>
<b>PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>93.3</b>	<b>89.3</b>	<b>220.4</b>
Depreciation, amortisation and impairment losses	48.4	47.8	117.6
Change in provisions	(21.4)	(12.7)	(4.2)
Unrealised gains and losses on financial instruments	4.7	3.0	(8.4)
Income and expenses related to stock options	2.8	3.2	6.2
Gains and losses on disposals of assets	(14.3)	0,0	1.8
Other	(0.2)	(0.1)	0.0
Non-controlling interests	13.4	9.8	23.2
Current and deferred taxes	37.9	35.4	89.4
Finance costs, net	7.6	6.4	12.0
<b>CASH FLOW <sup>(a)</sup></b>	<b>172.2</b>	<b>182.1</b>	<b>458.0</b>
Change in inventories	(119.2)	(127.5)	(138.6)
Change in trade receivables	226.9	205.9	(67.4)
Change in trade payables	(77.6)	(44.5)	82.1
Change in other receivables and payables	(68.6)	(22.1)	35.0
Income taxes paid	(45.0)	(45.3)	(100.9)
Interest paid	(7.6)	(6.4)	(12.0)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>81.1</b>	<b>142.2</b>	<b>256.2</b>
Proceeds from disposals of assets	23.9	7.3	20.9
Purchases of property, plant and equipment	(53.7)	(52.3)	(120.6)
Purchases of software and other intangible assets	(13.9)	(7.7)	(20.2)
Purchases of financial assets	(0.3)	0.1	0.3
Acquisitions of subsidiaries, net of the cash acquired	(53.1)	0.0	0.0
Effect of other changes in scope of consolidation	0.0	0.0	0.0
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(97.1)</b>	<b>(52.6)</b>	<b>(119.6)</b>
Change in long-term borrowings	336.7	(99.9)	(99.3)
Change in short-term borrowings	(29.5)	(19.9)	(80.1)
Proceeds from issue of share capital, including non-controlling interests	0.0	0.0	0.0
Change in treasury stock	3.2	18.9	33.4
Dividends paid, including to non-controlling shareholders	(66.8)	(55.9)	(55.9)
<b>NET CASH FROM/(USED BY) FINANCING ACTIVITIES</b>	<b>243.6</b>	<b>(156.8)</b>	<b>(201.9)</b>
Effect of changes in foreign exchange rates	10.8	(14.3)	(5.8)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>238.4</b>	<b>(81.6)</b>	<b>(71.2)</b>
Cash and cash equivalents at beginning of period	236.6	307.8	307.8
Cash and cash equivalents at end of period	475.0	226.2	236.6

(a) Before interest and income taxes paid.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in € millions)</i>	Share capital	Share premium account	Reserves and retained earnings	Translation reserve	Treasury stock	Equity attributable to owners of the parent	Non-controlling interests	Equity
<b>AT 1 JANUARY 2010</b>	<b>50.0</b>	<b>78.9</b>	<b>1,022.7</b>	<b>38.5</b>	<b>(108.8)</b>	<b>1,081.3</b>	<b>138.8</b>	<b>1,220.1</b>
Profit for the period			89.3			89.3	9.8	99.1
Other comprehensive income			(2.5)	137.3		134.8	25.5	160.3
<b>COMPREHENSIVE INCOME</b>			<b>86.8</b>	<b>137.3</b>		<b>224.1</b>	<b>35.3</b>	<b>259.4</b>
Dividends paid			(51.2)			(51.2)	(4.7)	(55.9)
Issue of share capital								
Changes in treasury stock					26.2	26.2		26.2
Gains (losses) on sales of treasury stock, after tax			(4.8)			(4.8)		(4.8)
Exercise of stock options			3.2			3.2		3.2
Other movements			(0.3)			(0.3)		(0.3)
<b>AT 30 JUNE 2010</b>	<b>50.0</b>	<b>78.9</b>	<b>1,056.4</b>	<b>175.8</b>	<b>(82.6)</b>	<b>1,278.5</b>	<b>169.4</b>	<b>1,447.9</b>
Profit for the period			131.1			131.1	13.4	144.5
Other comprehensive income			10.1	(41.5)		(31.4)	(9.7)	(41.1)
<b>COMPREHENSIVE INCOME</b>			<b>141.2</b>	<b>(41.5)</b>	<b>0.0</b>	<b>99.7</b>	<b>3.7</b>	<b>103.4</b>
Dividends paid								
Issue of share capital								
Changes in treasury stock					20.9	20.9		20.9
Gains (losses) on sales of treasury stock, after tax			(4.2)			(4.2)		(4.2)
Exercise of stock options			3.0			3.0		3.0
Other movements			(1.1)	1.4		0.3		0.3
<b>AT 31 DECEMBER 2010</b>	<b>50.0</b>	<b>78.9</b>	<b>1,195.3</b>	<b>135.7</b>	<b>(61.7)</b>	<b>1,398.2</b>	<b>173.1</b>	<b>1,571.3</b>
Profit for the period			93.3			93.3	13.4	106.8
Other comprehensive income			(2.7)	(43.8)		(46.5)	(10.2)	(56.7)
<b>COMPREHENSIVE INCOME</b>			<b>90.6</b>	<b>(43.8)</b>	<b>0.0</b>	<b>46.8</b>	<b>3.3</b>	<b>50.1</b>
Dividends paid			(58.4)			(58.4)	(8.1)	(66.5)
Issue of share capital						0.0		0.0
Changes in treasury stock					5.9	5.9		5.9
Gains (losses) on sales of treasury stock, after tax			(1.8)			(1.8)		(1.8)
Exercise of stock options			2.8			2.8		2.8
Other movements			(0.7)			(0.7)	0.2	(0.5)
<b>AT 30 JUNE 2011</b>	<b>50.0</b>	<b>78.9</b>	<b>1,227.9</b>	<b>91.9</b>	<b>(55.8)</b>	<b>1,392.9</b>	<b>168.5</b>	<b>1,561.4</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011, IN € MILLIONS

Groupe SEB, comprising SEB S.A. and its subsidiaries, is a world leader in the design, manufacture and sale of cookware and small domestic equipment, such as pressure cookers, coffee machines, kettles and food preparation appliances, irons and steam generators, and vacuum cleaners.

SEB S.A.'s registered office is at Chemin du Petit Bois, Ecully (69130 Rhône, France). The Company is listed on Eurolist by Euronext Paris (ISIN FR0000121709).

The condensed consolidated financial statements for the first half of 2011 were approved by the Board of Directors on 22 July 2011.

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 – Interim Financial Reporting. They do not include all the disclosures required in a full set of annual financial statements under IFRS and should therefore be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010, which are included in the 2010 Registration Document filed with the French securities regulator (AMF) on 7 April 2011. The Registration Document may be downloaded from the Group's website ([www.groupeseb.com](http://www.groupeseb.com)) and the AMF website ([www.amf-france.org](http://www.amf-france.org)), and is available on request from the Groups registered office at the above address.

The condensed interim consolidated financial statements have been prepared in accordance with the IFRSs, IASs and related interpretations adopted by the European Union and applicable at 30 June 2011, which can be found on the European Commission's website ([http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)).

The accounting policies applied to prepare these financial statements are unchanged compared with those used to prepare the 2010 annual consolidated financial statements except for income tax expense and discretionary and non-discretionary employee profit-sharing, which are

calculated on the basis of full-year projections (see Note 8 – Income tax, and Note 5 – Discretionary and non-discretionary profit sharing). In addition, the comparability of the interim and annual financial statements may be affected by the seasonal nature of the Group's activities, which results in higher sales in the second half of the year.

The following standards, amendments and interpretations applicable since 1 January 2011 have no material impact on the Group's financial statements:

- IAS 24 (revised) – Related Party Disclosures;
- Amendment to IAS 32 – Classification of Rights Issues;
- Amendment to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters;
- Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

The Group chose not to early apply the standards and interpretations whose application was optional at 30 June 2011. However, it does not expect their application to have a material impact on the financial statements.

### NOTE 2 CHANGES IN THE SCOPE OF CONSOLIDATION

#### 2.1 IMUSA

On 28 February 2011, Groupe SEB completed its acquisition of Colombia-based Imusa following the successful takeover bid launched for the company and its delisting from the Bogota stock exchange. At that date, Groupe SEB held almost 99% of Imusa's shares.

#### Description of the company

Specialised in small household equipment, Imusa manufactures and markets cookware (which accounts for two-thirds of its sales) as well as plastic food containers and household products. The company holds forefront positions in Colombia and has expanded its business to foreign markets, in particular other Latin American countries and the United States. Imusa employs around 1,000 people and operates two manufacturing sites – at Copacabana and Rionegro in Colombia – as well as a dozen stores located across the country.

In 2010, Imusa reported revenue of around €89 million, an increase of more than 30% compared with 2009 based on current exchange rates.

At 30 June 2011, the provisional estimate of the net fair value of Imusa's identifiable assets and liabilities when Groupe SEB acquired control of the company on 28 February 2011 was as follows:

<i>(in € millions)</i>	<b>28 Feb. 2011</b>
Non-current assets <sup>(a)</sup>	55.5
Inventories	16.9
Trade and other receivables	19.3
Net debt	(53.3)
Trade and other payables	(6.6)
Other liabilities (including deferred taxes)	(19.0)
<b>TOTAL NET ASSETS</b>	<b>12.8</b>
<b>PERCENT INTEREST</b>	<b>99%</b>
<b>NET ASSETS ACQUIRED</b>	<b>12.7</b>
Non-controlling interests	0.1
<b>CASH OUTFLOW FOR THE IMUSA ACQUISITION</b>	<b>44.2</b>
Goodwill	31.4

(a) Including the value of the "Imusa in Colombia" and "Imusa in the USA" brands, independently valued at €20 million and €5.3 million respectively.

The goodwill arising on the acquisition – recognised in accordance with the partial goodwill method – corresponds mainly to market shares and projected synergies, particularly in terms of manufacturing, supply chain operations and product development, that cannot be separately identified.

Imusa's contribution to the Group's revenue in first-half 2011 amounted to €32 million.

## 2.2 OTHER TRANSACTIONS IN FIRST-HALF 2011

### Acquisition of a controlling interest in Asia Fan

In May 2011, Groupe SEB acquired a controlling interest in Asia Fan, Vietnam's leading electric fan company. Following the transaction, Groupe SEB now holds a 65% interest in Asia Fan, with 30% still held by the company's founding family and 5% by its employees.

In 2010, Asia Fan reported revenue of around €11 million. It has two manufacturing sites and employs 700 people.

Asia Fan was not consolidated at 30 June 2011 as the timeframe between the acquisition date and Groupe SEB's interim reporting date was too short to integrate Asia Fan's financial statements. Consequently, the Group's interest in Asia Fan is presented under "Other investments" in the consolidated balance sheet. Groupe SEB does not consider that its consolidated financial statements for the six months ended 30 June 2011 were materially affected by the fact that Asia Fan's operations and assets and liabilities were not included in the scope of consolidation at that date.

### Acquisition of a stake in Key Ingredient

To prepare for coming changes in the small domestic equipment market and extend its innovation strategy to new technologies and expertise from outside the Company, Groupe SEB has created an investment fund – SEB Alliance – with initial capital of €30 million. The fund will serve as a technology watch as well as an investment unit.

SEB Alliance made its first investment in the area of digital and connected products, by acquiring a majority stake in US-based Key Ingredient.

Key Ingredient is a US start-up, based in Austin, Texas and specialises in the development of digital cooking solutions.

In 2010 it generated revenue of less than €1 million. In view of this non-material amount Key Ingredient was not consolidated by the Group.

### Acquisition of an additional interest in Supor

In first-half 2011, the founding shareholders of China-based Supor – which is already 51.3%-owned by Groupe SEB – stated that they wished to sell 20% of the company's shares, and Groupe SEB indicated that it wished to acquire this additional interest.

Consequently, the Group has signed a share purchase agreement in which it has undertaken to purchase 115,450,400 Supor shares from the company's founding shareholders at a price of RMB 30 per share. The total cost of the transaction will amount to RMB 3,464 million, representing approximately €371 million based on the exchange rate at 30 June 2011. The transaction was approved by Supor's Board of Directors on 16 February 2011 and by its shareholders in a General Meeting held on 4 March 2011.

The Chinese Ministry of Commerce (MOFCOM) has not issued any objections to the completion of the transaction but it is still subject to a number of authorisations, notably from the China Securities Regulatory Commission (CSRC) and consequently it could still take several months for the acquisition to be completed.

### Merger of Groupe SEB Mexicana and Vistar

The two Mexican entities Groupe SEB Mexicana and Vistar were merged during the first half of 2011. The operation did not have any impact on the consolidated financial statements as it was a simple legal restructuring.

**NOTE 3 SEGMENT INFORMATION**

In accordance with IFRS 8 – Operating Segments, the information presented below for each operating segment is the same as the information presented to the chief operating decision makers (Executive Committee members) for the purposes of assessing the segments' performance and allocating resources.

The internal reports reviewed and used by the chief operating decision makers present such data by geographical segment. The Executive Committee assesses each segment's performance based on:

■ revenue and operating profit;

■ net invested capital, defined as the segment's assets (goodwill, property, plant and equipment and intangible assets, inventories and trade receivables) less its liabilities (trade payables, other payables and provisions).

Performance in terms of financing and cash flow as well as income tax treatment are tracked at Group level, not by operating segment.

**3.1. GEOGRAPHICAL SEGMENT INFORMATION (BY LOCATION OF ASSETS)**

30 June 2011 (in € millions)	France	Other Western European countries <sup>(a)</sup>	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Intra-group transactions	Total
<i>Revenue</i>								
Inter-segment revenue	290.6	333.6	164.4	189.7	430.7	278.4		1,687.4
External revenue	242.5	18.9	0.3	6.3	324.2	54.0	(614.2)	32.0
<b>TOTAL REVENUE</b>	<b>533.1</b>	<b>352.5</b>	<b>164.7</b>	<b>196.0</b>	<b>754.9</b>	<b>332.4</b>	<b>(614.2)</b>	<b>1,719.4</b>
<i>Profit/(loss)</i>								
Operating margin	49.9	11.1	(11.0)	9.9	87.9	41.4	(34.1)	155.1
Operating profit/(loss)	21.0	3.7	(10.4)	17.7	82.7	37.0		151.7
Finance costs and other financial income and expense, net								(7.0)
Share of profit of associates								
Income tax expense								(37.9)
<b>PROFIT FOR THE PERIOD</b>								<b>106.8</b>
<i>Balance sheet</i>								
Segment assets	600.4	375.3	345.1	436.2	903.4	240.1	(289.9)	2,610.6
Financial assets								505.2
Tax assets								85.5
<b>TOTAL ASSETS</b>								<b>3,201.3</b>
Segment liabilities	351.6	215.0	53.8	112.3	185.4	109.5	(230.0)	797.6
Borrowings								742.9
Tax liabilities								99.3
Equity								1,561.4
<b>TOTAL EQUITY AND LIABILITIES</b>								<b>3,201.3</b>
<i>Other information</i>								
Capital expenditure and purchases of intangible assets	31.5	3.0	2.5	11.6	18.6	0.5		67.7
Depreciation and amortisation expense	26.5	4.0	1.9	6.2	9.0	0.8		48.4
Impairment losses								0.0

(a) "Other Western European countries" correspond to the 15 countries other than France comprising the pre-enlargement European Union. The new EU countries are included in the "Central Europe, Russia and other countries" segment.

30 June 2010 (in € millions)	France	Other Western European countries <sup>(a)</sup>	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Intra-group transactions	Total
<i>Revenue</i>								
Inter-segment revenue	297.3	312.4	160.0	147.6	355.4	251.3		1,524.0
External revenue	308.6	22.1	0.4	6.8	269.4	2.5	(578.7)	31.1
<b>TOTAL REVENUE</b>	<b>605.9</b>	<b>334.5</b>	<b>160.4</b>	<b>154.4</b>	<b>624.8</b>	<b>253.8</b>	<b>(578.7)</b>	<b>1,555.1</b>
<i>Profit/(loss)</i>								
Operating margin	47.6	16.3	(6.4)	13.3	59.4	43.8	(6.1)	167.9
Operating profit/(loss)	27.5	20.7	(14.6)	9.9	60.1	37.9		141.5
Finance costs and other financial income and expense, net								(7.0)
Share of profit of associates								
Income tax expense								(35.3)
<b>PROFIT FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99.1</b>
<i>Balance sheet</i>								
Segment assets	584.0	389.3	374.8	281.8	911.3	180.0	(257.0)	2,464.2
Financial assets								237.0
Tax assets								66.8
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,768.0</b>
Segment liabilities	364.1	222.4	68.9	88.9	184.5	68.7	(208.5)	789.0
Borrowings								449.8
Tax liabilities								81.3
Equity								1,447.9
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,768.0</b>
<i>Other information</i>								
Capital expenditure and purchases of intangible assets	25.1	4.0	2.3	6.4	20.4	1.9		60.1
Depreciation and amortisation expense	27.2	4.0	1.9	4.8	8.2	0.7		46.8
Impairment losses	1.0							1.0

(a) "Other Western European countries" correspond to the 15 countries other than France comprising the pre-enlargement European Union. The new EU countries are included in the "Central Europe, Russia and other countries" segment.

31 December 2010 (in € millions)	France	Other Western European countries <sup>(a)</sup>	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Intra-group transactions	Total
<i>Revenue</i>								
Inter-segment revenue	711.7	770.7	386.8	344.1	660.2	614.2		3,487.7
External revenue	635.9	46.5	0.8	12.1	756.2	6.4	(1,293.8)	164.1
<b>TOTAL REVENUE</b>	<b>1,347.9</b>	<b>817.2</b>	<b>387.6</b>	<b>356.2</b>	<b>1,416.4</b>	<b>620.6</b>	<b>(1,293.8)</b>	<b>3,651.8</b>
<i>Profit/(loss)</i>								
Operating margin	160.4	44.2	(8.8)	24.7	118.3	106.0	(6.9)	437.9
Operating profit/(loss)	87.0	47.1	(23.6)	20.8	119.8	100.6		349.0
Finance costs and other financial income and expense, net								(15.9)
Share of profit of associates								
Income tax expense								(89.5)
<b>PROFIT FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243.6</b>
<i>Balance sheet</i>								
Segment assets	637.9	469.1	339.4	303.6	961.1	241.3	(285.1)	2,667.3
Financial assets								261.7
Tax assets								67.0
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,996.0</b>
Segment liabilities	425.1	279.1	54.7	100.2	239.9	109.0	(240.8)	967.2
Borrowings								378.0
Tax liabilities								79.5
Equity								1,571.3
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,996.0</b>
<i>Other information</i>								
Capital expenditure and purchases of intangible assets	59.4	7.4	5.0	19.1	47.2	2.7		140.8
Depreciation and amortisation expense	59.9	8.2	3.8	9.1	17.4	1.6		100.0
Impairment losses	3.6		14.7					18.3

(a) "Other Western European countries" correspond to the 15 countries other than France comprising the pre-enlargement European Union. The new EU countries are included in the "Central Europe, Russia and other countries" segment.

Inter-segment revenue corresponds to sales to external customers located within the geographical segment.

Intra-group transactions are carried out on an arm's length basis.

External revenue corresponds to total sales (within the Group and to external customers) generated outside the geographical segment by companies within the geographical segment.

**3.2. REVENUE BY GEOGRAPHICAL LOCATION OF THE CUSTOMER**

<i>(in € millions)</i>	<b>2011 6 months</b>	<b>2010 6 months</b>	<b>2010 12 months</b>
France	290.6	297.3	711.7
Other Western European countries <sup>(a)</sup>	341.3	322.6	786.9
North America	172.0	166.8	404.4
South America	190.0	148.6	345.7
Asia-Pacific	433.2	356.7	764.0
Central Europe, Russia and other countries	292.2	263.1	639.1
<b>TOTAL</b>	<b>1,719.4</b>	<b>1,555.1</b>	<b>3,651.8</b>

(a) "Other Western European countries" correspond to the 15 countries other than France comprising the pre-enlargement European Union. The new EU countries are included in the "Central Europe, Russia and other countries" segment.

**NOTE 4 OPERATING EXPENSES**

<i>(in € millions)</i>	<b>2011 6 months</b>	<b>2010 6 months</b>	<b>2010 12 months</b>
Cost of sales	(1,041.3)	(906.7)	(2,146.6)
Research and development costs	(29.4)	(27.8)	(60.0)
Advertising expense	(55.7)	(46.2)	(143.0)
Distribution and administrative expenses	(438.0)	(406.5)	(864.3)
<b>OPERATING EXPENSES</b>	<b>(1,564.4)</b>	<b>(1,387.2)</b>	<b>(3,213.9)</b>

**NOTE 5 DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING**

Discretionary and non-discretionary profit-sharing for first-half 2011 has been calculated by multiplying the estimated annual cost by the percentage of annual profit generated during the period by the companies concerned.

**NOTE 6 OTHER OPERATING INCOME AND EXPENSE**

<i>(in € millions)</i>	<b>2011 6 months</b>	<b>2010 6 months</b>	<b>2010 12 months</b>
Restructuring costs	(2.1)	(8.7)	(15.0)
Impairment losses	0.0	(1.0)	(18.4)
Gains and losses on asset disposals and other	17.8	1.7	(5.1)
<b>OTHER OPERATING INCOME AND EXPENSE</b>	<b>15.7</b>	<b>(8.0)</b>	<b>(38.5)</b>

**6.1. RESTRUCTURING COSTS**

First-half 2011 restructuring costs mainly comprised €0.8 million for the restructuring of sales forces in Argentina and a further €0.8 million for a production capacity adjustment plan set up in Brazil.

In the first six months of 2010, restructuring costs included €5.1 million for restructuring of sales forces in Brazil and an additional €3.3 million provision set aside for the early retirement plan in France.

In full-year 2010 the above-mentioned restructuring in Brazil and the early retirement plan in France represented restructuring costs of €6.5 million and €4.8 million respectively.

**6.2. IMPAIRMENT LOSSES**

Due to the seasonal nature of the business, impairment tests are conducted regularly at the year-end. The carrying amounts of brands and recognised goodwill were reviewed at 30 June 2011 to determine whether there were any indications that they may be impaired.

No indications of impairment of these assets were identified.

At 30 June 2010, an additional €1.0 million impairment loss was recognised on the Mayenne Beverage CGU.

The main impairment losses recognised at 31 December 2010 concerned All-Clad goodwill (€14.7 million) and the manufacturing assets of the Scales plant (€3.6 million).

**6.3. GAINS AND LOSSES ON ASSET DISPOSALS AND OTHER**

The main gains recorded under this item in first-half 2011 were €14.8 million in proceeds from the sale of Plant 3 in Brazil and €1.5 million in compensation received in settlement of the Pentalpha dispute (see Note 12 Significant events and litigation for further details).

In first-half 2010 this item included €1.9 million in compensation received by the Group in settlement of a dispute with one of its suppliers.

**NOTE 7 FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSE, NET**

<i>(in € millions)</i>	<b>2011 6 months</b>	<b>2010 6 months</b>	<b>2010 12 months</b>
<b>FINANCE COSTS</b>	<b>(6.4)</b>	<b>(6.4)</b>	<b>(12.0)</b>
Interest cost on long-term employee benefit obligations	(2.3)	(2.7)	(5.6)
Exchange gains and losses	3.3	3.3	4.8
Income and expenses from financial instruments	(1.9)	(1.0)	(0.1)
Other	0.3	(0.2)	(3.0)
<b>OTHER FINANCIAL INCOME AND EXPENSE, NET</b>	<b>(0.6)</b>	<b>(0.6)</b>	<b>(3.9)</b>

The interest cost on long-term employee benefit obligations corresponds to the difference between the discounting adjustment for the year – arising from the fact that benefit payments are one year closer to being paid – and the expected return on the corresponding plan assets. Discounting adjustments to other long-term liabilities and provisions are also included under this caption.

Exchange gains and losses on foreign currency transactions are included in operating margin.

Gains and losses on hedges of foreign currency borrowings are reported under “Other financial income and expense”.

Income and expenses from financial instruments correspond mainly to amortisation of the time value of commodity hedges.

**NOTE 8 INCOME TAXES**

Income tax expense for the period was calculated by multiplying consolidated pre-tax profit by the estimated average effective tax rate for the year. The calculation was performed separately for each tax entity.

The following table provides a reconciliation between the effective tax rate of 26.2% and the statutory French tax rate of 34.43%, which is unchanged from 2010:

<i>(in %)</i>	<b>2011 6 months</b>	<b>2010 6 months</b>	<b>2010 12 months</b>
<b>STATUTORY FRENCH TAX RATE</b>	<b>34.4</b>	<b>34.4</b>	<b>34.4</b>
Effect of different tax rates <sup>(a)</sup>	(9.5)	(7.6)	(8.4)
Unrecognised and unrelieved tax loss carryforwards <sup>(b)</sup>	1.5	0.3	2.0
Prior-period tax loss carryforwards recognised and utilised during the period <sup>(c)</sup>	(2.0)	(1.9)	(4.0)
Other <sup>(d)</sup>	1.7	1.1	2.9
<b>EFFECTIVE TAX RATE</b>	<b>26.2</b>	<b>26.3</b>	<b>26.9</b>

(a) The effect of different tax rates varies depending on France's contribution to consolidated profit.

(b) Unrecognised and unrelieved tax loss carryforwards mainly concerned the United States and the United Kingdom.

(c) Prior-period tax loss carryforwards recognised and utilised during the period mainly relate to Spain and Germany.

(d) The caption "Other" primarily include taxes on distributed earnings and provisions for tax audits and, for full-year 2010, the impact of the non-deductibility of the impairment loss on All-Clad goodwill (1.5%).

**NOTE 9 TREASURY STOCK**

At 30 June 2011, the share capital was made up of 49,951,826 shares with a par value of €1 each.

In first-half 2011, the Group bought back 83,280 SEB shares on the market at a weighted average price of €66.60 and sold 270,158 shares on the market at an average price of €32.45.

At 30 June 2011, the Group held 1,793,820 shares in treasury (2,489,625 at 30 June 2010 and 1,980,698 at 31 December 2010), acquired at an average price of €31.04 (€33.16 at 30 June 2010 and €31.14 at 31 December 2010).

Movements in first-half 2011, first-half 2010 and full-year 2010 were as follows:

<i>(in number of shares)</i>	<b>Transactions</b>		
	<b>First-half 2011</b>	<b>First-half 2010</b>	<b>Full-year 2010</b>
Shares held in treasury at 1 January	1,980,698	3,149,443	3,149,443
<i>Purchases</i>			
Buyback plan	47,361		
Liquidity contract	35,919	107,697	264,329
<i>Sales</i>			
Shares sold on the market	(33,715)	(116,345)	(279,525)
Shares allocated on exercise of stock options	(236,443)	(651,170)	(1,153,549)
<i>Shares cancelled during the period</i>			
<b>SHARES HELD IN TREASURY AT PERIOD-END</b>	<b>1,793,820</b>	<b>2,489,625</b>	<b>1,980,698</b>

**NOTE 10 PROVISIONS**

<i>(in € millions)</i>	30 June 2011		30 June 2010		31 December 2010	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Pension and other post-employment benefit obligations	81.7	5.6	78.2	8.4	78.0	6.0
Product warranties	2.7	25.2	3.6	29.1	3.0	31.8
Claims and litigation and other contingencies	22.1	17.8	21.3	14.8	25.0	25.5
Restructuring provisions	13.6	8.7	12.8	23.3	14.0	15.0
<b>TOTAL</b>	<b>120.1</b>	<b>57.3</b>	<b>115.9</b>	<b>75.6</b>	<b>120.0</b>	<b>78.3</b>

Provisions are classified as short-term or long-term according to whether the obligation is expected to be settled within or beyond one year.

Provision movements (other than provisions for pensions and other post-employment benefits) were as follows:

<i>(in € millions)</i>	1 January 2011	Increases	Reversals	Utilisations	Other movements <sup>(a)</sup>	30 June 2011
Product warranties	34.9	5.7	4.3	7.8	(0.6)	27.9
Claims and litigation and other contingencies	50.4	4.2	4.4	9.4	(0.8)	40.0
Restructuring provisions	29.0	1.0	0.5	7.0	(0.2)	22.3
<b>TOTAL</b>	<b>114.3</b>	<b>10.9</b>	<b>9.2</b>	<b>24.2</b>	<b>(1.6)</b>	<b>90.2</b>

(a) "Other movements" include translation adjustments and the effect of changes in the scope of consolidation.

<i>(in € millions)</i>	1 January 2010	Increases	Reversals	Utilisations	Other movements <sup>(a)</sup>	30 June 2010
Product warranties	39.0	9.1	1.6	13.5	(0.3)	32.7
Claims and litigation and other contingencies	32.0	16.8	2.6	14.8	4.8	36.1
Restructuring provisions	43.3	6.4	2.1	12.0	0.5	36.1
<b>TOTAL</b>	<b>114.3</b>	<b>32.3</b>	<b>6.3</b>	<b>40.3</b>	<b>5.0</b>	<b>104.9</b>

(a) "Other movements" include translation adjustments and the effect of changes in the scope of consolidation.

<i>(in € millions)</i>	1 January 2010	Increases	Reversals	Utilisations	Other movements <sup>(a)</sup>	31 December 2010
Product warranties	39.0	24.7	1.1	26.4	(1.3)	34.9
Claims and litigation and other contingencies	32.0	25.1	1.7	9.7	4.7	50.4
Restructuring provisions	43.3	8.4	4.5	18.8	0.6	29.0
<b>TOTAL</b>	<b>114.3</b>	<b>58.2</b>	<b>7.3</b>	<b>54.9</b>	<b>4.0</b>	<b>114.3</b>

(a) "Other movements" include translation adjustments and the effect of changes in the scope of consolidation.

Restructuring provisions break down as follows:

<i>(in € millions)</i>	30 June 2011	30 June 2010	31 December 2010
Severance costs	17.8	27.4	22.8
Site closure costs	4.5	8.7	6.2
<b>TOTAL</b>	<b>22.3</b>	<b>36.1</b>	<b>29.0</b>

**NOTE 11 NET DEBT**

<i>(in € millions)</i>	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>31 December 2010</b>
Bonds	297.8		
Bank borrowings	199.8	171.0	171.0
Finance lease liabilities	3.0	2.7	1.6
Other	2.0	1.5	1.9
Non-discretionary profit sharing liability	34.0	26.0	25.4
<b>LONG-TERM BORROWINGS</b>	<b>536.6</b>	<b>201.2</b>	<b>199.9</b>
Bank borrowings	110.7	110.6	53.8
Commercial paper	69.0	100.0	100.0
Current portion of long-term borrowings	18.3	20.2	18.2
<b>SHORT-TERM BORROWINGS</b>	<b>198.0</b>	<b>230.8</b>	<b>172.0</b>
<b>TOTAL BORROWINGS</b>	<b>734.6</b>	<b>432.0</b>	<b>371.9</b>
Cash and cash equivalents, net	(475.0)	(226.2)	(236.6)
Derivative instruments, net	(2.9)	2.0	(4.2)
<b>NET DEBT</b>	<b>256.7</b>	<b>207.8</b>	<b>131.1</b>

Net debt corresponds to total long and short-term borrowings less cash and cash equivalents and derivative instruments acquired as hedges of debt that mature in less than one year and are readily convertible into cash.

**NOTE 12 SIGNIFICANT EVENTS AND LITIGATION****SALE OF PLANT 3 IN BRAZIL**

In August 2008, Groupe SEB do Brasil signed an agreement to sell Plant 3 in São Paulo, Brazil. The sale was conditional upon the Group providing the purchaser with a decontamination certificate. The site was decontaminated in 2009 and 2010.

On 4 February 2011, Group SEB do Brasil received a partial payment of €14.8 million in respect of the sale. The balance of €1.8 million has been retained by the purchaser in guarantee of full and complete decontamination of the surrounding land. The site's carrying amount, including decontamination expenses, was €3.2 million at 31 December 2010.

The capital gain generated on this transaction and recorded in the financial statements for the six months ended 30 June 2011 came to €14.2 million.

**PENTALPHA DISPUTE**

On 31 May 2011 the US Supreme Court ruled in Groupe SEB's favour on an appeal lodged by Pentalpha concerning the patent infringement suit filed against Pentalpha relating to deep fryers in the United States. Consequently, the \$5.1 million in damages (including interest) received in August 2010 were recognised as income in the first-half 2011 financial statements.

**RENEGOTIATION OF THE SYNDICATED LOAN**

The unused €456.1 million syndicated loan due in 2011 was renegotiated with the banking pool, which comprises BNP Paribas, Citibank, Commerzbank, Crédit Agricole, HSBC, Natixis and Société Générale. The new loan has a nominal amount of €560 million and a five-year term.

**BOND ISSUE**

On 26 May 2011, the Group launched its first bond issue, representing a total amount of €300 million. The bonds have a five-year term maturing on 3 June 2016 and pay interest at an annual rate of 4.5%. The lead managers for the issue were BNP Paribas, Crédit Agricole CIB, Natixis and Société Générale. The bonds have been admitted to trading on the NYSE Euronext Paris stock exchange.

There were no other significant developments in first-half 2011 concerning litigation involving the Group.

**NOTE 13 RELATED PARTY TRANSACTIONS**

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No stock options were granted in the first half of 2011.

No material transactions with related parties took place during the period and there were no changes in the nature of transactions as described in Note 30 to the consolidated financial statements in the 2010 Registration Document.

**NOTE 14 SUBSEQUENT EVENTS**

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No material events occurred between the date these financial statements were drawn up and 22 July 2011 when they were approved by the Board of Directors.

## STATUTORY AUDITORS' REVIEW REPORT

### ON THE FIRST HALF YEAR FINANCIAL INFORMATION FOR 2011

*This is a free translation into English of the Statutory auditors' report issued in French and is provided solely for the convenience of English speaking users.*

*This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.*

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the Monetary and Financial Code (Code Monétaire et Financier), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of SEB S.A., for the period from 1 January 2011 to 30 June 2011;
- the verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

#### 1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 standard of the IFRSs as adopted by the European Union applicable to interim financial information.

#### 2. Specific verification

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

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

Lyon and Villeurbanne, 25 July 2011

The Statutory auditors

**PricewaterhouseCoopers Audit**

Bernard RASCLE

**Deloitte & Associés**

Dominique VALETTE

## STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

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I declare that, to the best of my knowledge,

- the condensed financial statements for the six months ended 30 June 2011 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the consolidated companies;
- the interim management report includes a fair review of significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Ecully, 25 July 2011

**The Chairman and Chief Executive Officer**



Thierry de La Tour d'Artaise



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