FINANCIAL REPORT
and
REGISTRATION DOCUMENT
2011

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FINANCIAL AGENDA 2012

Items in the Annual Financial Report are identified in the contents with the help of the AFR symbol AFR

FINANCIAL REPORT and REGISTRATION DOCUMENT 2011

This Registration Document was filed with the French Financial Markets Authority (*Autorité des Marchés Financiers* or AMF) on 3 April 2012, in accordance with Article 212-13 of the AMF's general regulations. It may be used as a basis for financial transactions if it is accompanied by an AMF information memorandum. This document was drawn up by and is the responsibility of the issuer and the Chairman and CEO.

This Registration Document is available on the Groupe SEB website, **www.groupeseb.com** and on the AMF website **www.amf-france.org**.

GROUP PROFILE

Groupe SEB, **in touch with changing times**

With a presence in almost 150 countries, Groupe SEB has earned strong positions on all continents through a wide, diversified product range and an exceptional brand portfolio. Today it is the world leader in Small Domestic Equipment.

Its success is rooted in its ability to innovate and invent for daily life in tomorrow's world.

REVENUE
€3,963 M +8.5%

OPERATING RESULT FROM ACTIVITY*
€453 M +3.5%

PROFIT FOR THE PERIOD
€235 M +6.4%

NET DEBT
€673 M +€542 M

CAPITAL EXPENDITURE
€131 M -6.4%

EMPLOYEES 31/12/2011
25,000 PEOPLE WORLDWIDE

* *Formerly known as operating margin.*

A multi-specialist Group

COOKWARE

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

KITCHEN ELECTRICS

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

Preparation: food processors, beaters, mixers, blenders, centrifugal juice extractors, small food-preparation equipment, coffee makers (pod, filter and espresso), electric kettles, Quick Cup instant hot-water dispensers, home beer-tapping machines, soya milk maker, etc.

HOME AND PERSONAL CARE PRODUCTS

Personal care: hair care equipment, depilators, bathroom scales, foot massage appliances, baby-care equipment (bottles, bottle warmers, sterilisers, night lights), etc.

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

Home care: vacuum cleaners (upright or canister, with and without dust bag, compact and cordless), fans, heaters and air-conditioners, etc.

World ranking

No.1 Cookware – Pressure cookers – Steam irons and steam systems – Kettles – Steam cookers – Toasters – Fryers – Informal meal appliances – Scales (bathroom scales and kitchen scales)

No.2 Espresso coffee machines – Table top ovens – Breadmakers – Grills and barbecues – Waffle makers and toasted sandwich makers – Juicers

No.3 Food preparation appliances – Drip coffee makers – Electric depilators

OUR MARKET LEADERSHIP IS SUPPORTED BY FAMOUS BRANDS:

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

** Maharaja Whiteline in India to be added in 2012.*

1

Presentation of the Group

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1.1. KEY FIGURES

(in € millions)	2011	2010	2009
Revenue	3,963	3,652	3,176
Organic revenue growth	+6.9%	+9.6%	+0.3%
Operating result from activity*	453	438	355
Operating profit	400	349	248
Profit for the period attributable to SEB S.A.	235	220	146
Net debt	673	131	243
Diluted earnings per share *(€)*	4.78	4.55	3.13

** Formerly known as operating margin.*

1.2. MILESTONES IN THE HISTORY OF THE GROUP

Groupe SEB dates from 1857 with the creation of the company Antoine Lescure, in Burgundy, France. Beginning as a tinware company specialised in making buckets and watering cans, it gradually expanded its activities to include kitchen utensils, zinc tubs and other articles. It began to mechanise production when it bought its first press at the beginning of the 20th century. At that time, the company's business was confined to its local region.

It took a major stride forward in 1953 when it launched the pressure cooker. This gave the company, thereafter called *Société d'Emboutissage de Bourgogne*, a new national dimension.

The subsequent history of the Group would take shape through successive phases of acquisitions and organic growth.

External growth: a dynamic acquisition strategy

A series of acquisitions over the last 40 years has enabled Groupe SEB to diversify its activities and expand internationally.

CREATION OF THE GROUP

In 1968, SEB acquired Tefal, a company specialised in nonstick cookware; in 1972, it took over the Lyon-based company Calor, a maker of irons, hair dryers, small washing machines and portable radiators. This established SEB as a leading operator in Small Domestic Equipment in France. In 1973, it decided to form a group structure under a lead holding company, SEB S.A., which would be listed on the Paris Stock Exchange in 1975.

GLOBAL STATUS

The 1988 acquisition of Rowenta, whose German and French factories made irons, electric coffee makers, toasters and vacuum cleaners, was a crucial step in the Group's international expansion. In 1997-1998, the takeover of Arno, Brazil's market leader in small domestic appliances, established the Group in South America. Arno was a specialist in the manufacture and sale of food-preparation appliances (mixers/blenders), non-automatic washing machines and fans. At the same time, the Group acquired Volmo, a leading producer of small domestic appliances in Colombia and Venezuela, with its own product range in food-preparation appliances (mixers/blenders), fans and irons.

September 2001 saw Moulinex, the Group's main rival in France, file for bankruptcy. Groupe SEB's offer of a partial takeover of the assets of Moulinex and its subsidiary Krups was accepted by the Nanterre Commercial Court in October 2001. The integration of that portion of Moulinex-Krups confirmed the global stature of Groupe SEB through a stronger presence in certain product categories and the addition of two international brands. After much legal debate at the European Commission and in France, the final authorisations for the takeover were obtained in 2005.

Meanwhile, in the summer of 2004 the Group took the opportunity to strengthen its base in the United States with the acquisition of All-Clad, a premium-range cookware specialist whose product offer was an ideal complement to the fairly broad T-fal brand on the US market. In May and June 2005, the successive acquisitions of Lagostina (Italy) and Panex (Brazil) further strengthened the Group's cookware business. Lagostina, Italy's leader in top-of-the-range stainless steel saucepans, frying pans and pressure cookers, has a prestige brand image and provides the Group with access to new markets. Meanwhile, Panex, with its four brands at the top of ranges which extend over several market segments, helped us to penetrate the Brazilian market with an extensive cookware offer and instantly occupy a front-ranking position. The acquisition of Panex further bolstered our strong presence in the country in small domestic appliances with the Arno brand.

In August 2006, the acquisition of selected assets of the American company Mirro WearEver, which deals in entry-level cookware, helped bolster the Group's infrastructure in this area, allowing for a more focused repositioning on mid-range T-fal articles and the introduction of new dynamics. Groupe SEB accordingly became leader of the North American market in cookware with an exhaustive offering covering all market segments – from simple and functional "basic" products to All-Clad premium products.

In the same year, the Group initiated a process to buy a majority stake in Supor, China's domestic market leader in cookware and no. 3 in small electric cooking appliances. As Supor is listed on the Shenzhen Stock Exchange and as this kind of transaction was without a precedent in China, the deal required various authorisations from China's Trade Ministry (MOFCOM) and the country's securities regulator (CSRC). Having acquired an initial 30% stake in Supor's capital on 31 August 2007, the Group raised this to a 52.74% controlling stake in Supor on 21 December 2007 following a successful public share purchase offer. Further to exercises of stock options by some Supor executives, the Group's shareholding in the Chinese company was slightly diluted, to 51.31%. Acquiring controlling interests in Supor is a major strategic step forward because it allows the Group to tap into the huge potential of the Chinese market. These interests were strengthened in December when the Group finalised the acquisition of an additional 20% stake in the company, purchased from Supor's founders (the Su family), who wished to reduce their capital-intensive commitment. This transaction consolidated the initial investment made in 2007 with a view to ensuring Supor's ability to sustain growth over the medium-to-long term with a stable shareholder base.

The year 2011 was very active in terms of external growth. In addition to the larger stake in Supor acquired at the end of the year, in February the Group finalised the acquisition of the Colombian company Imusa, which specialises in cookware and is a leader in its domestic market. Imusa's core business goes hand-in-hand with Samurai's small domestic appliances in a booming market driven by strong demand and by a fairly well-structured distribution network. In May, Vietnamese company Asia Fan was acquired (65% stake). Asia Fan, whose industrial and commercial activities focus on fans, ranks among the leading companies within the Vietnamese market.

This transaction was part of a decisive expansion policy targeting certain countries in South-East Asia that represent major growth drivers for the future. Asia Fan allows the Group to build up its presence, which has until now been limited, in a market that is already substantial and is quickly growing, and to complement Supor, which focuses exclusively on cookware in Vietnam. Finally, in December the Group acquired a 55% majority stake in the Indian company Maharaja Whiteline, which specialises in small domestic appliances. This acquisition allows the Group to establish a presence in this major market, which is undergoing rapid transformation and growth.

Organic growth: innovation and international expansion

New product development and the conquest of new markets are two key pillars of Groupe SEB's strategy. Innovation is critical to the vitality of the Small Domestic Equipment sector and it gives the Group the head start it requires to stay ahead of the competition and acquire solid positions on markets. At the same time, geographic expansion offers new opportunities, with, among other things, a better international balance of trading activities and enhanced exposure to the high growth potential of emerging nations.

A STRONG INNOVATION POLICY

Both SEB and Moulinex, ever since they were founded, have set out to offer innovative products that contribute to the daily well-being of consumers. Emblematic products such as the SEB pressure cooker and the Moulinex purée handpress paved the way for the first electrical appliances in the 50s and 60s: irons, coffee grinders, odourless fryers, and the Charlotte and Marie multi-purpose appliances… The 70s and 80s marked the arrival of more sophisticated functions with the introduction of electronics-enhanced new products: bathroom scales, programmable coffee machines, etc. This era also saw the emergence of new lifestyles, reflected in the launch of convivial products such as the raclette grill and home espresso coffee maker. In the decade up to 2000, both Groupe SEB and Moulinex brought new simplicity to the world of small domestic equipment: pressure cookers with simplified closing mechanisms, removable handles for frying pans and saucepans, compact vacuum cleaners with triangular-shaped heads, coffee makers incorporating grinder-dosers, frying pans with a visual heat indicator, food processors designed for easy storage, etc.

The 2000s marked a new acceleration in the product offer renewal process through:

- its first partnerships, developed by the Group from 2006 with leading food-industry operators which gave it access to new product categories such as pod coffee makers and draught beer-tapping machines;
- the introduction of several innovative concepts, answers to new consumer expectations (nutrition and health, home-made, ease, well-being, etc.), often accompanied by major commercial success: the Actifry minimal-oil fryer; the Silence Force and Silence Force Extreme vacuum cleaners, which combine power with low sound level; breadmakers; washable silent fans; anti-mosquito devices, etc.;
- the introduction of new functional features in linen care, such as a self-cleaning iron soleplate and an anti-scaling system for steam generators, etc.

HEADING FOR NEW MARKETS

In the 1970s, Groupe SEB turned its attention to international growth. Building on its "cookware" expertise, it began by penetrating the Japanese and American markets with its nonstick Tefal frying pans and saucepans. In 1992 and 1993, it took advantage of the opening up of Eastern Europe, by creating retail distribution operations in Central European countries and by gaining greater access to the Russian market. From 1994 to 2000, it focused on building up its commercial operations worldwide and, where appropriate, its industrial presence by setting up factories in South America, China and elsewhere. Over the years, the Group expanded its activities to all the continents and built its international manufacturing bases. It continued expanding in Asia with marketing subsidiaries created in Thailand and Taiwan in 2003, and in Singapore and Malaysia in 2004. It then reinforced its presence in South America by opening a subsidiary in Peru. In 2005, the Group created a subsidiary in Switzerland to manage its operations in that country directly. Meanwhile, to support emerging markets in Northern, Central and Eastern Europe, the Group strengthened its presence in these zones by setting up subsidiaries in Romania in 2005, in Ukraine and Slovenia in 2006 and in Latvia in 2007. This drive continued in Bulgaria in 2008, while in South-East Asia, Supor opened a new factory in Vietnam. At the same time, the Group created Lojas in Brazil, a company that comprises the own-brand stores opened in Brazil to give the Group a direct sales channel and create an additional influx of sales.

The strength of Groupe SEB lies in its ability to blend innovation – a key factor in success – with international operations that bring it closer to its retail clients and consumers. These are the two pillars upon which the Group continues to build its development.

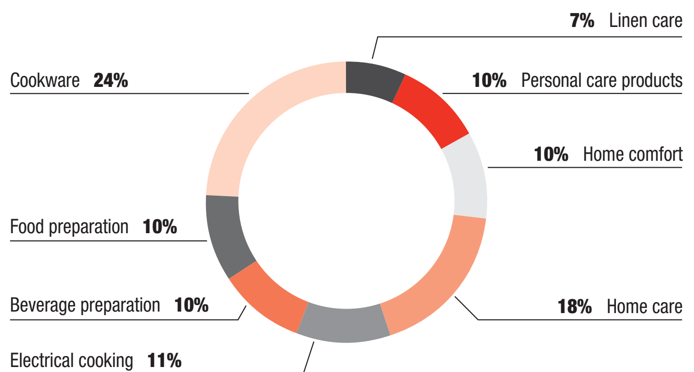
1.3. BUSINESS SECTORS

As a global leader in small domestic equipment, Groupe SEB deploys its strategy via a portfolio of diversified and complementary brands in multi-region or local markets. Groupe SEB stands out from its main rivals by being present in both the small domestic appliance sector (which accounts for 70% of its sales) – estimated to be worth approximately €29 billion – and cookware (a sector worth around €9.5 billion). These figures, which vary significantly in relation to those published in 2010, correspond to a new definition of the world market in question, with greater coverage in terms of both geography and market segments. Therefore, they include more specific data on all emerging markets (such as India, South-East Asia, the Middle East, etc.) and incorporate, for instance, soya milk makers within product families. Soya milk machines were not previously included, but they represent an estimated market of €500 million worldwide.

Overall, the small domestic equipment sector is characterised by:

- low-to-moderate, yet steady, demand in the majority of mature markets – where although the equipment rate is already high, it is heterogeneous in terms of product families. This demand is, however, mixed and driven by strong reactivity to innovation (new products and concepts), by the need to upgrade the range in search of more status-related products, and by the desire for basic products at low prices; At the same time, demand is sharply on the rise in emerging markets (double digit growth in Asia and almost-double digit growth in Latin America). These markets are in an equipment phase and their intense growth is fuelled by rapid urbanisation and the development of the real estate market, booming middle class access to consumption, development of modern retail distribution, etc.;
- an average sale price close to €55 for a small domestic appliance in developed countries, being accessible for most consumers and requiring no or very limited use of credit;
- shorter product use cycles in addition to an increasing average equipment rate in certain categories which are driving these renewal markets;
- steady and increasingly unavoidable increase in industrial partnerships between manufacturers of small domestic appliances and actors of various mass consumer goods, especially through joining forces to propose new offerings and services. Development of the single-portion coffee concept is a significant example;
- tighter market fundamentals, as mass retailing increasingly imposes a low price policy and continues to exert pressure on supply, pushing many products toward the entry-level end of the spectrum. This results in little or no innovation and a race to expand among manufacturers/suppliers. While such trends have been the norm in the USA and the UK for many years, this phenomenon is beginning to spread into other markets;
- the emergence of new consumer trends worldwide: more "Western" in Asian or South American countries, more "ethnic" in Western countries, back to "home-made" and control over food in Europe, heightened environmental awareness, etc.;

Breakdown of the small domestic equipment market, by product family



Sources Estin & Co-Groupe SEB

From a geographical viewpoint, the global market of Small Domestic Equipment does not present any real homogeneity because it is fragmented into numerous national/regional markets. These are fuelled by a complex and multi-faceted retail distribution network that varies depending on regional consumption habits, the maturity of markets, targets or product ranges and the development of distribution systems: (hyper/supermarkets, specialist retailers, department stores, traditional points of sale, high-end boutiques, etc.), as well as the rapid development of alternative distribution channels (the Internet, factory shops, own-brand stores, discounters, etc.) in recent years. Online sales have experienced particularly rapid growth.

For more than a decade now, a growing part of the production of small domestic appliances has been located in countries with low production costs, especially in China, due to the availability of low-cost labour. For certain products, stemming mostly from assembly processes (toasters, coffee filters, kettles, hair dryers, etc.), nearly all global manufacturing is based in China. In fact, the small size of these products makes it easy for them to be shipped over long distances at very reasonable costs and therefore to be competitive in their destination markets. This phenomenon is more evident on entry level or low value-added products.

In recent years most markets have seen greater pressure to offer price reductions and promotions, with a significant rise in discount products, which are more and more often sold under retailer brand names.

Separate and complementary business models

To respond to broad demand ranging from first utility products to sophisticated solutions, a combination of three complementary approaches is used:

- an offering of basic, plain, low-priced products consisting almost entirely of finished articles procured in countries with low-cost production factors and which are used for rapid renewal of product ranges or promotional offers. The research process is then non-existent, development is short and simplified, marketing and sales budgets are cut to a minimum (promotions, for example). These entry-level products are mostly sold without being branded or under a retailer brand. In moderate growth, they represent a still modest portion of the small domestic appliance market because they concern a limited portion of the existing product offer;
- the development of good-quality mid-range products. The idea is to propose a full range for consumers to differentiate and renew their equipment: breakthrough products, innovative functions and unique benefits, resulting from a robust innovation approach – advanced high-tech performance, easy to use and clean, user-friendly, time-saving, design, handy storage, and many more tangible features for consumers. For retail distribution, the approach translates into point-of-sale promotions and store shelf layouts with the support of a steady marketing and advertising policy and an established customer service. This segment still represents the strongest part of the market, and the shrinkage factor in favour of higher-end and entry-level products (hour-glass effect) has now stabilised;
- focus on the high-end market segment with carefully designed products which meet strict criteria of quality, results or appearance. These articles, leveraged by premium brands, are aimed at demanding consumers and/or experts, looking for status symbols or high-value service. Thanks to a recent boom, these ranges are now marketed by dedicated sales teams who build genuine partnerships with selective distributors in order to exploit and optimise the huge development potential of these products over the long term. The segment is still sensitive to the economic situation, as demonstrated by the 2008-2009 crisis.

These three market approach models are used together in nearly all mature markets and are beginning to appear in certain emerging markets.

Multiple forms of competition

The Small Domestic Equipment market is very fragmented globally, both in small domestic appliances and in cookware. In practice, changes in the sector over the last ten years – with, in particular, the increased relocation of production to countries with low production costs – have greatly changed the way of approaching markets, more local today than global. The launch of international brands, which can in some cases be marketed under local/regional brands, allows for a two-sided market approach that takes advantage of economies of scale as well as the value of local market share. To this end, Groupe SEB is the only player with such a broad international spectrum, and it draws on this strength and on the prime positioning of its local brands when marketing its six international brands.

The Group has numerous and various competitors worldwide, but few of them have truly global coverage:

- Philips is certainly the Group's foremost rival through its large and small domestic appliances and its presence on almost all of the world's continents. Other industry giants with extensive offerings and international coverage include DeLonghi (DeLonghi, Kenwood, etc.), Procter & Gamble (Braun, Oral-B), Bosch-Siemens and Conair (Babyliss, Cuisinart, etc.). In cookware, competitors include the US group Meyer (Silverstone, Farberware, Prestige, Anolon, Circulon, etc.) and the German brands WMF (WMF, Silit, Kaiser, etc.) and Fissler;
- other players are primarily present in their domestic market or a few reference markets: Magimix, Taurus, Imetec, Severin and Staub/Zwilling, specifically in various European countries; Spectrum Brands (Black & Decker, George Foreman, Russell Hobbs, Remington, etc.) and Jarden (Sunbeam, Mr Coffee, Oster, etc.) in North America, for example; Mallory, Mondial, Britania and Tramontina, among others, in South America; Zelmer in Central Europe; Panasonic (also including the National brand) and Tiger in Japan; Maspion in Indonesia; Midea, Joyoung, Airmate and ASD in China, etc;
- numerous high-end specialists concentrating on one or two product segments – such as Dyson, Vorwerk, Jura and Laurastar, etc. in small domestic appliances – or on a special area of expertise, like French company Le Creuset, which specialises in cast iron cookware.

At the same time, another form of competition continues to grow with "non-branded" products and retailer brands. These competitors offer a predominantly entry-level range, which is aggressively priced as a result of one-off contracts with Chinese subcontractors, and aim mainly to generate traffic at points of sale.

The market dynamism remains primarily driven by large European groups such as Groupe SEB, Philips, Bosch Siemens or DeLonghi, which develop new products and concepts, open up new categories and set up in new territories. By doing this, they are winning market share, enjoying economies of scale and improving their competitiveness in terms of production, R&D and retail distribution. Meanwhile, national players have grown stronger in recent years, boosting specific targeted offerings tailored to the markets. Furthermore, the development of local competitors can be seen in booming Asian emerging markets.

In general, competition has become fierce in recent years, both with regard to small domestic appliances and cookware, largely as a result of retail distribution, especially supermarkets, which enjoy an ever-increasing presence in this market with their own product lines and are able to exert stronger pressure on prices.

1.4. GROUP STRATEGY

A long-term strategy

Groupe SEB implements a long-term strategy focused on creating value through two major approaches:

- **promoting growth by:**
  - aggressively implementing an innovative product policy differentiated by brand, so as to design things that sell and stand out from the competition in each country; by organising point-of-sale promotions; and by asserting itself as a key market player, in both retail distribution and final consumption. In this way the Group creates value for its retailer clients and consumers, defends the quality of its offering and contributes to improving and upgrading the market and reaffirming its product leadership,
  - leveraging the strength and complementarity of its brands. Thanks to its large portfolio of six global (All-Clad, Krups, Lagostina, Moulinex, Rowenta and Tefal) and 18 regional/local brands (including Calor and Seb in France, Arno, Panex and Samurai, among others, in South America, T-fal in the US, Supor in China, AsiaVina in Vietnam, Maharaja Whiteline in India, etc.), the Group has an unrivalled international presence as well as coverage of all market segments, from entry-level to premium products,
  - deploying a clear and well-segmented approach by retail distribution channel and brand and reinforcing its presence in all existing channels in the country, regardless of their format, to ensure the most extensive coverage possible of markets and taking account of specific local features. The goal is to develop a long-term constructive relationship with distributors on the basis of the most extensive product offer on the market and with strong brands, vectors of growth and profitability for each of the parties. Furthermore, the Group is developing a network of its own retail brand outlets (Home & Cook Tefal shops, Super Lifestores, etc.) in order to expand its sales operations in areas that are not or only partially covered by modern or traditional channels. At the same time, it has jumped into the booming business of e-commerce,
  - continuing its unique international expansion, in mature markets as well as emerging markets, and targeting local leadership positions, or in any case, the significant improvement of its competitive position in the market. This geographical development involves continued organic growth – through new commercial operations in certain countries – and an external growth policy via new acquisitions. The principle underlying this basic approach is to develop as a priority in structurally growing markets;
- **maintain its competitiveness over time thanks to:**
  - the permanent and responsible adaptation of its industrial facilities as well as its organisation and structures (administrative, logistical, etc.), in order to base the business on some of the best standards in the world and preserve the head start forged over the years. Beyond the required industrial flexibility, the systematic implementation of best practices, shorter product times to market, plans to improve the effectiveness of structures, the very upstream integration of a demanding quality process and the optimisation of the supply chain are all recurring focus points for the Group,
  - rigorous daily management through strict control over all operating costs, reduction of purchase costs – whether industrial, linked to sourced products or out of production, and in the context of an extended scope year after year – and keeping working capital requirements under control.

These two fundamental approaches are closely linked since one of the major pillars for improving the Group's profitability is the growth of sales linked to innovation. The capacity to launch new concepts and products, through differentiation and resulting improvement in the product mix, justifies high sales prices and generates better margins. This enhanced profitability allows the Group to invest again in R&D, marketing and advertising, with a boosting effect on turnover, thereby creating a virtuous circle.

Innovation – Research and development

In a highly competitive market, innovation – whether applied to technology or products – generates competitive advantages and competitiveness. The Group uses innovation to offer unique concepts, new functional features, designs, or differentiated marketing approaches. This provides real added value for consumers, allowing Groupe SEB to stand out in an effective way and thus strengthen its positioning and conquer new markets.

The innovation strategy is consistent with a pragmatic approach to product creation that involves teams from research and development, industry, procurement, logistics and strategic marketing, design and quality. New products are the result of the in-depth analysis of consumer needs (which include both expressed needs and latent needs), the invention of breakthrough concepts, the evaluation of new technologies and the creation

of unusual or one-of-a-kind designs, as well as, of course, the development and industrialisation of new technology platforms. The process obviously needs to be collective and collaborative both in-house and when working with outside partners.

This realisation led the Group to structure relations within its innovation community and among the 1,200 employees who comprise it, using collaborative tools that make it possible to enrich the collective point of view on strategic issues and to promote the sharing of knowledge and best practices. This same reasoning is behind the Group research partnerships with highly prestigious universities and a variety of private and public centres for research.

In 2011 Groupe SEB's cross-disciplinary development initiatives focused on the ageing of the population, wired households, health/beauty/well-being assets and environmental responsibility.

For innovation to be a sustainable advantage, it must be part of a constant flow and must be protected. To this end, Groupe SEB pursues an active industrial property policy by filing numerous patents every year. In France, the Group has been one of the top 20 patent filers for several years now. As such, 2011 was a very busy year with 121 registered patents (110 in 2010), 250 Soleau envelopes established (273 in 2010) and is in line with the Group's culture of protecting its inventions.

R&D investment amounted to €74 million in 2011 (€73 million in 2010), including Research Tax Credits (€6 million versus €5 million in 2010) and capitalised R&D costs (€5 million versus €8 million in 2010). R&D teams have been significantly strengthened over the last years, in terms of both number of employees and employee qualifications, with the hiring of highly specialised engineers, for instance. These specialists bring expertise in cutting-edge fields such as coatings and materials, man-machine interfaces and batteries, etc.

Partnerships

The Group enters into partnerships to develop new concepts and boost its sales. It partners with elite, complementary brand names in their fields of expertise to create new product groups. This is mainly the case with food industry majors such as Nestlé for Nespresso and Dolce Gusto, or Heineken for the BeerTender home beer-tapping system. The Group also collaborates with some of the world's top chefs, including Jamie Oliver and Emeril Lagasse, to develop culinary products, and high-profile brands such as Elite and WeightWatchers for personal care products. Representing almost 10% of sales, these partnerships are major growth drivers for the Group.

At the same time, the Group enjoys partnerships with universities and research institutes, working together on major projects which enable it to widen its field of activities and benefit from additional tools and skills. Notable examples include projects concerning health and nutrition with Nutrition-Santé-Longévité, Vitagora or Q@limed.

Industrial strategy

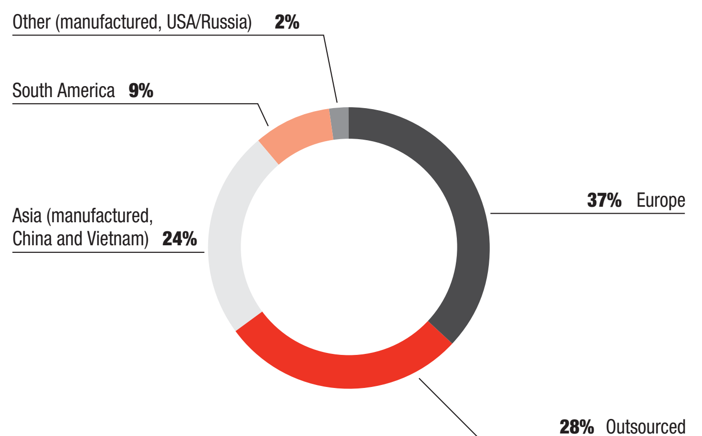
The Group's industrial strategy aims to best serve markets by continuously improving competitive performance and quality over the long term.

Throughout the world, the production plan is deployed in a way that responds to market specificities:

- European manufacturing targets mainly mature markets. French and European plants are dedicated to products for which the Group is a market leader. To this end, the Group takes advantage of technological barriers in relation to product concepts (for a better product mix and higher prices) or processes (economies of scale for lower cost prices);
- manufacturing in emerging markets focuses on the needs of these markets and, for mature markets, on products for which the Group wishes to retain control of its specific technologies (concerning products and processes);
- outsourcing for everyday products.

The Group's industrial facility includes 29 plants, which produce 72% of products sold worldwide. The other 28% are outsourced, in particular to China.

Location of sales production



In 2011, with only a few rare exceptions, the Group's manufacturing facilities operated normally, with full absorption of fixed production costs. Specific, targeted measures were taken on sites where capacity utilisation was lower.

The Group's industrial competitiveness comes from its edge as a designer of products, especially through its centres of expertise and technological centres:

- product expertise centres bring together the specific expertise in research and development, industrialisation and production for a given product category;
- technological centres reinforce product expertise centres through their knowledge of key technologies in relation to materials, plastics, and electronics.

At relevant sites, project platforms foster collaboration between marketing teams and centres of industrial expertise in the development of product offerings.

To ensure and optimise the competitiveness of its industrial capacity, the Group constantly upgrades its plants, taking into account the economic reality of markets: adjustment of production volumes, relocation of hand-mixers production to the Mayenne site, strict control of manufacturing costs, refocusing of production and greater use of outsourcing, according to needs.

An ambitious operational excellence programme was launched in France in 2011. It aims to optimise operations at production sites through the collaboration of all employees. This programme is due to be deployed outside of France in early 2012. Similar actions were carried out within Supor and by the SEB Asia teams with regard to Chinese subcontractors.

The Group's industrial competitive edge is also the result of manufacturing capacity upgrades to meet increasingly high demand, as it is currently the case in China. Expansion of the Wuhan site (Supor), dedicated to cookware, was completed in 2011. This greatly increased production capacities. Upgrades to the Shaoxing plant, built in 2009, were driven by the launch of new electrical appliance categories. The Group thus re-integrated a portion of its production (including electric kettle production) that had previously been outsourced to Chinese subcontractors. In a similar effort to respond to booming local demand, the Group now has an industrial presence in Vietnam, with a Supor plant that is gradually ramping up, as well as the Asia Fan production facilities, which supplement the Group's non-culinary product business.

At the same time, the Group strives constantly to improve employee safety in the workplace. In this regard, a three-year plan has been launched, aiming for a steady decrease in the number of workplace accidents.

Three to four years ago, the Group also introduced a global Supply Chain Management system intended to rationalise stocks of finished products, optimise the quality of these stocks and implement a process to improve customer service. The actions undertaken resulted in significant improvements in the ratios with, in particular, a clear improvement in the inventories of low turnover products, a major reduction in supply chain costs (transport and warehousing) and major progress in sales forecasts. Results vary from continent to continent, however, and the Group continues its efforts to bring all markets into line with these stricter standards.

Purchasing

Purchasing covers requirements for materials (metals, plastics, paper/cardboard packaging, etc.) and components (parts, sub-systems, etc.) for industry, non-production purchasing (transport and logistics, services, information systems, travel, etc.) and purchases of sourced finished products. Purchases are increasingly managed at Group level, to provide optimum negotiation conditions, not only in terms of pricing, but also in terms of quality, on-time delivery, etc. For several years now, production purchases have benefited from a centralised organisation tailored to each project and each contract. In 2011, for production purchases, the Group had a panel of 365 suppliers representing approximately 88% of global purchasing.

Non-production purchases currently follow the same process aimed at better qualifying approved suppliers and building an across-the-board Group purchasing methodology with a panel of approved suppliers (600 at year-end 2011). To this end, the team was significantly reinforced, increasing from 15 to 26 people with the aim of covering a much wider spectrum of expenditures and a broader international scope (integration of Russia and greater coverage in Colombia).

For purchases of sourced finished products, in 2010 the Group introduced a Group Finished Products Purchasing department, created a Finished Products Purchasing function in operations and strengthened its dedicated teams within its SEB Asia subsidiary in Hong Kong. This reorganisation has helped to strengthen purchasing quality processes for finished products by guaranteeing technical and methodological assistance for Group teams with suppliers. At the same time, it demonstrates the Group's desire to integrate suppliers upstream in the product development process in order to foster greater fluidity in creating products. Through this approach, the Group was able to obtain a more concentrated panel of approved finished product suppliers, which, at year-end 2011, comprised around 50 companies representing 78% of purchases made.

The Group's approved supplier panels consist of carefully selected and tested companies in terms of both performance (lead times, quality, cost, etc.) and social and environmental responsibilities (environmental impact, compliance with Human Rights, etc.).

1.5. RISK MANAGEMENT

Groupe SEB pursues a policy of active, prudent management of the risks inherent in its business, the purpose of which is to defend the Group's assets and/or interests of its stakeholders: shareholders, employees, clients, consumers, suppliers, etc., without forgetting the environmental aspects. This approach is based on a detailed mapping and analysis of the main risks faced by the Company, which makes it possible to rank them on the basis of their potential impact on the Group's operations and performance, and on the probability of such risks occurring. A comprehensive review of these risks is carried out regularly with the Group Executive Committee and the Audit Committee.

Risks inherent to operations

COUNTRY-SPECIFIC AND ECONOMIC SITUATION RISKS

The international nature of the Group's business exposes it to currency risk (covered in Note 26.2.1 to the Consolidated Financial Statements) but also to risks of political instability, economic, monetary or labour risks, especially in Asia, the Middle East and South America. In addition to these risks, certain countries have under-developed legal systems or those which offer little in the way of intellectual property protection, import taxes (e.g. Turkey for certain small domestic appliances), restrictive measures (e.g. in Argentina, concerning electrical products and cookware) and exchange controls, etc. These factors may disturb or even penalise the Group's business or financial situation. Nonetheless, this major international presence also offers protection through wide geographical coverage and risk diversification.

Alongside this, Group sales inevitably depend on the economic climate and whether consumption holds up or not, which, in turn, is related to consumer purchasing power and the financial health of the Group's retail distribution network. After the 2008-2009 economic crisis, 2010 proved to be more prosperous on the whole; 2011, however, featured a macroeconomic environment that was much more complex and varied from country to country: serious recession and collapse in demand in southern Europe (Greece, Spain, Portugal, joined in the fourth quarter by Italy); gradual slowdown of consumer spending in Brazil and a gloomy mass retailing situation in the United States; a less-troubled economic climate and steady business in Germany, Belgium, Canada, Korea, etc.; and strong demand in the United Kingdom, Colombia, Turkey, Russia, China and Australia. Therefore, there were a variety of scenarios at play.

In consideration of the very nature of the business (focus on the home) and the limited investment represented by the purchase of small equipment for the home, the Small Domestic Equipment sector tends to hold up better than others in crisis situations. In the past, the Group's results have sometimes been in contrast to the economic situation in certain markets.

RISKS RELATING TO SOLD PRODUCTS

Risks of warranty or liability claims

Groupe SEB considers consumer safety and the safety of its products an absolute priority. In this respect, it affords maximum attention to safety precautions in terms of raw materials, components and finished products. Nevertheless it is exposed to a risk of warranty or liability claims from its clients and consumers; these risks have been reasonably provided for. In particular, the impact of the change to a two-year guarantee for small domestic appliances in the European Union has been integrated into these provisions. Additionally, to protect itself against cases of defective products causing damage, the Group has taken out civil liability insurance (see Insurance section).

Recovering and recycling end-of-life products

European directive 2002/96/EC on Waste Electrical and Electronic Equipment (WEEE) requires manufacturers to factor in the reprocessing or recycling of end-of-life products, which then leads to financial consequences. Transposed into the legislation of a large majority of European countries since late 2005, it requires the collection and treatment of electrical and electronic appliances at the end of their lives.

In European countries concerned by this Directive, Groupe SEB decided to participate in eco-organisations which will handle the recycling of "new" and "historical" waste on behalf of manufacturers. The obligation to collect and process WEEE is pro rata to the equipment put on the market during the year of collection, and is payable in advance. In consequence, there is no need to accrue provisions for this at the time the electrical products are released on the market.

RISKS RELATING TO BRAND ASSETS

Groupe SEB has built its business on a powerful portfolio of brands, some of which are treated as assets in its balance sheet. For Groupe SEB, the total book value of its brands at 31 December 2011 amounted to €355 million, and concerned mainly Rowenta, All-Clad, Lagostina and Supor.

Moreover, as Groupe SEB regularly engages in external growth transactions, goodwill is shown in the consolidated financial statements at the end of 2011

for an amount of €465 million, most of this having been recognised at the time of the All-Clad and Supor acquisitions.

Under IFRS accounting standards, the value of brands and goodwill must be reviewed annually to check that the value entered in the balance sheet is consistent with the actual performance of the brands and subsidiaries in their own markets. Any significant disparities, notably with regard to expected cash flow, a brand's commercial under-performance, or increased costs incurred by the subsidiaries concerned, could require an adjustment in the balance sheet which may involve a partial or total recognition of impairment of the asset's value. In 2009, the economic crisis had a high impact on the trading activity and profitability of All-Clad in the United States, as the high-end segment suffered greatly from a pull-back in consumption and a drop in visits to premium retail distribution outlets. In 2009, this under-performance led the Group to recognise impairment losses for its All-Clad assets (goodwill) to ensure prudence against the extent of the crisis period. The partial recovery of operations and gradual improvement in profitability seen in 2010 and 2011 do not mean that All-Clad's situation has returned to normal, since its performance levels remain below the levels required under the initial business plan. For this reason, the Group recognised additional impairment for the goodwill of All-Clad during these two years in order to take account of the residual difference between actual performance and forecasts.

Furthermore, with a view to creating value for its brands, the Group is investing in R&D in order to supply its offering with innovative, ground-breaking products, as well as in advertising and marketing with the purpose of improving the visibility of its brands, boosting its sales and strengthening its competitive positions in the field.

Supplementary information is provided in Note 10 to the Consolidated Financial Statements.

CLIENT RISKS

The Group's broad geographical distribution, as well as the variety and number of its retail distribution networks, limits risk and the probability of major impact on a consolidated level. On a country level, however, a client bankruptcy (especially a major client) may have significant consequences on the trading activity of the subsidiary in question. The financial and economic climate in 2008 and 2009 had already amplified this risk, in particular due to the fall-off in consumption in many countries and the credit crunch, which had strongly affected certain retail chains. Over these two years, the Group had to cope with the closure of Linens 'N' Things in the United States and Canada (385 stores in all), the discontinuation of Karstadt in Germany and financial difficulties for major retailers in Europe and Russia. 2010 brought a healthier financial situation for retailers and no new defaults were observed over the period. However, the crisis has left traces, retailers maintaining a cautious stock policy and have not significantly restocking since the recovery. The situation became tense once again in 2011 with the downgrading of US debt over the summer and the economic and financial crisis plaguing various countries including Greece, Spain, Portugal, and finally Italy. The possibility that this crisis may spread to other European countries and a very lacklustre economic situation in the United States caused household confidence to drop, affecting consumer spending and store traffic. As a result, certain stores were forced to close or were placed under administration.

In this context, the Group's cautious policy toward its retailing clients, based on the subscription of client coverage insurance, made it possible to limit claims to a negligible sum. While, in 2009, the very harsh economic climate in certain countries and the significant increase in claim rates led to a sharp reduction in coverage (COFACE or bank guarantees), coverage was restored to a high level in 2010 and covered almost 90% of consolidated sales in 2011. At the same time, the Group maintained the policy adopted in 2009 and allowed client receivables to exceed the guarantees in certain cases with a view to the long-term management of its relationships with retailers. Nonetheless, these risks are subject to strict supervision at the Group level: support from the "Credit Management" function and systematic validation by two members of the Executive Committee of any non-covered risk greater than €0.5 million. The risk of a major impact subsequent to potentially inadequate results is therefore limited.

RISKS RELATING TO COMPETITION

In recent years, the competitive climate has become more severe in both mature and emerging markets, although the issues faced by the Group differ in both.

Given that mature markets are already well equipped, they are driven more by supply than by demand and are clearly structured into three segments – the entry level with plain, standardised products; mid-range, the largest in size and where momentum is key; and premium, dedicated to exceptional products (in terms of technology, design or status). Competition is particularly fierce in these markets: major established brands, whether national, regional or international, compete alongside entry-level, low-cost no-brand products and distributor brands, which are growing stronger, taking advantage of the difficult times. In addition, retail distributors often and increasingly, play a catalyst role in competition and can thus exert great pressure on prices. Groupe SEB is long-established and occupies strong front-ranking positions in mature markets thanks, in particular, to its powerful brand portfolio and extensive offer which allows it to cover all segments.

Emerging markets are still in an equipment phase. Rapid urbanisation and the development of a middle class with higher purchasing power generally foster rapid growth in demand for higher-value product ranges. This phenomenon is supported by the increasing implantation of modern retail distribution circuits in these markets. Aware from the start that these countries had high potential and that their consumers sought status through products, top brands built up strong positions – in particular Groupe SEB, which is a leader in many of these countries today. These markets have a pyramid structure, with a broad though shallow base in entry-level products, a substantial mid-range section, and a niche, high-end segment. Competition – especially in terms of pricing – is fiercer and fiercer in these markets, as they quickly rise to meet the standards of mature markets.

It is essential to gain market share in this highly competitive climate. This can be achieved by brand reputation and the relevance of the product offer, spurred by innovation alongside strong advertising and marketing support.

A capacity to develop and launch genuinely differentiating, added-value innovations at the right time is therefore fundamental. An entire product family can be affected both abruptly and for long periods by the introduction of a new concept popular with consumers, with significant impact on results: highly positive for the breakout product in question, very negative for its competitor(s). Groupe SEB therefore strives to limit the risk of competition by boosting its R&D efforts in order to stay ahead and lead the market (this area has regularly seen growing budget allocations in recent years in both skills and investment).

INDUSTRIAL RISKS

As in all industrial processes, Groupe SEB is exposed to events of varying origins (natural catastrophes, fire, technical failures, contamination, etc.) that can affect or interrupt the operations of a plant or even endanger the safety of its production resources, with major consequences for people and equipment. It has therefore always implemented an active industrial risk prevention approach through regular audits, investment in maintenance and optimisation of certain processes in order to limit the probability of occurrence of such risks.

In practice, European and American sites are in general not, or only slightly, exposed to major natural risks (tornadoes, floods, earthquakes, etc.). However, due to the globalisation of the Group's business, it may have operations in exposed zones, especially in earthquake-prone regions. In addition, the industrial operations themselves do not generate any particular risks. Besides metal stamping (pressure cookers, frying pans and saucepans), surface treatments (nonstick) and the production of certain components that occupy less than 10% of total industrial resources, most of Groupe SEB's production involves assembly operations. The most sensitive processes are closely monitored. In assembly processes, the most likely risks are minor bodily injuries or injuries due to handling, as well as musculoskeletal disorders for which the Group takes all precautions (training in ergonomics, mentors and Steering Committee on each site, etc.) to minimise their occurrence.

Concerning the Chinese company Supor, integrated since 1 January 2008, a detailed audit carried out in 2008 enabled us to measure potential areas for improvement in terms of safety (personnel, manufacturing and storage processes, etc.) on production sites in China. Although no major breaches were pinpointed in terms of industrial risk management, it nevertheless failed to meet the Group's standards. The action plans carried out in the last three years have, in general, helped to reduce the shortfall against the Group's required level, but residual discrepancies still exist and efforts to improve safety are therefore continuing. A similar process will be carried out for recently acquired companies (Imusa, Asia Fan and Maharaja Whiteline).

In parallel, the Group has for a long time prioritised safeguarding the environment through its eco-production policy, which involves ISO 14001 certification of its plants. At year-end 2011, 74% of all the Group's entities worldwide had obtained this certification.

COMMODITY RISKS

Groupe SEB's operations involve the use of several major raw materials in its industrial processes: aluminium (for cookware), nickel (for certain steel alloys), copper (mainly wire for motors and electric cables), plastic (a key material in small domestic appliances) and paper products for printed documents and packaging. These materials have varying significance on the Group's purchasing budget, Supor included: in 2011, aluminium represented approximately 11% of direct manufacturing purchases (12% in 2010), steels represented 10% (7% in 2010) and plastics/plastic pieces represented 20% (19% in 2010).

Groupe SEB is therefore exposed to risks concerning the availability of raw materials and fluctuations in their prices insofar as it could suffer from a shortage and/or have to pass on any price increases – whether partially or totally – to its retail prices. This would have a potential impact on the level of trading activity, profitability and cash flow. Since 2007, the trend has been one of high price volatility for raw materials and metal prices in particular, with occasionally erratic, sharp fluctuations, without any direct or logical connection to supply and demand. In 2011, the inflation observed over the past two years continued during the first half of the year, but eased during the summer with a drop in metal prices (aluminium, nickel, and copper as affecting Groupe SEB specifically) and plastics prices.

To face this intrinsic exposure related to its industrial operations, Groupe SEB deploys a partial hedging policy on a rolling 12-month basis intended to protect it against the effects of abrupt variations in metal prices and to enable it to forecast or limit any price hikes that it may have to pass on to its clients. This policy is not for speculative purposes but, for any given year and in relation to actual market prices, may produce:

- positive results when raw material prices are rising;
- negative results when the same prices are dropping.

The hedging and sensitivity of commodity risks are dealt with in Note 26.2.3 to the Consolidated Financial Statements.

RISKS CONCERNING INFORMATION SYSTEMS

The Group continues to deploy consistent IT systems in all its subsidiaries to ensure better management and client service and to minimise the inherent risks in obsolete local systems. It concentrates its IT budget on a limited number of software packages used selectively throughout the Group, depending on the size of each subsidiary (SAP R/3 for larger entities, or those participating in clusters, and SAP Business One for more compact entities).

This increased dependency on information systems and the greater integration with outside partners poses risks concerning the integrity and confidentiality of data and possible interruption of IT services. A failure might lead to loss of data, errors or delays that could impede the proper functioning of the Company and affect its results. Thorough testing prior to the deployment of new systems and a strict information system security

policy (monitored by a Steering Committee) are put in place to ensure that systems are fully reliable, secure and accessible. Regular investments are made to improve the Business Continuity Plan in case of a major disaster on the primary IT processing centre. Anti-hacking audits are carried out each year to identify any security loopholes in the Group's network. Lastly, the management rules for access rights to systems are audited and then updated on a regular basis.

LABOUR RELATIONS RISKS

Groupe SEB is constantly adapting its structures, particularly its industrial base, to ensure that it remains competitive. Despite a responsible approach to restructuring, plant closures remain a serious and disagreeable task which can affect the quality of relations between management, employees and labour unions, and which could have repercussions on the Group's operations, performance and results.

Over the past few years, Groupe SEB has carried out several industrial restructuring plans in France and elsewhere, featuring site closures and downsizing which led to job losses. These operations have had a disruptive effect on the Group's trading activity, but it has endeavoured to complete them fully in keeping with its ethical values. The Group has put in place substantial and often costly resources to ensure a solution for every employee concerned: measures such as internal mobility, help with personal projects, assistance with external re-employment, age-related measures, or long-term training schemes meant that the vast majority of employees succeeded in finding a solution. In most cases, the Group has also managed to ensure the re-industrialisation of the employment zones involved by helping to identify new operators and support the set-up of business activities to create jobs at the sites concerned.

The Group gives high priority to the quality of on-going dialogue with employee representatives to solve difficult labour issues responsibly and in the best possible conditions for everyone.

RISKS RELATING TO ACQUISITIONS

Over the last 40 years, while pursuing its leadership strategy, Groupe SEB has alternated its development through organic growth and acquisitions. Today, it continues to play a key active role in consolidating the still-fragmented Small Domestic Equipment sector.

External growth requires an ability to merge new acquisitions effectively and generate synergies. With its many acquisitions over the years, Groupe SEB has built up experience in integrating newly acquired companies. Having integrated Moulinex-Krups in 2001-2002, it acquired All-Clad in the United States in 2004, Panex in Brazil and Lagostina in Italy in 2005 and Mirro WearEver in the United States in 2006. It went on to take majority control of the Chinese company Supor at the end of 2007. This latest operation stands out because of the major challenges it presents: separation both in terms of distance and culture, language barrier, more complex integration, coordination of communications between two listed companies, harnessing synergies, etc. Coordinated by a Steering Committee and organised into specific projects involving both Chinese and Western employees, the integration has been carried out under good terms. The technology transfers and synergies identified were implemented, on the whole, by the deadlines that had been set. In December 2011, Groupe SEB acquired an additional 20% stake in Supor, bolstering the initial long-term investment made but not affecting the effective control or collaboration between Groupe SEB and Supor.

Furthermore, in February 2011 the Group acquired Imusa, a Colombian cookware company. Integration of Imusa has progressed rapidly, at an exemplary pace, with strong support from the Group's pre-existing subsidiary, Groupe SEB Colombia. In May 2011, the Group took control of a Vietnamese company – Asia Fan – specialising in the production and sale of fans, and in December it took control of an Indian company – Maharaja Whiteline – specialising in small domestic appliances. These companies are not yet equipped with highly-developed structures or tools that meet the Group's standards in respect of information systems, reporting, auditing, safety and security, etc. Because of this, even if the amounts in question are currently insignificant, integration is a key issue and a focus of the Group.

Success is never guaranteed from the outset and may depend on external factors, even with every effort and the allocation of resources to the integration process. Regular monitoring of progress on projects and of synergies implemented by an Integration Committee limits the risk of failure and allows the Group to refocus its actions in the event of delays. Groupe SEB implements this approach consistently to optimise the integration of recently acquired companies.

Dependency risks

DEPENDENCE ON SUPPLIERS

As part of its policy of bulk buying, Groupe SEB relies on an approved panel of suppliers for production (365 in 2011 versus 330 in 2010), which accounted for approximately 88% of its worldwide needs last year. Excluding outsourcing, the top 50 suppliers accounted for 52% of direct production purchases in value (50% in 2010). With respect to purchases of finished products, Groupe SEB has drawn up a panel of 50 suppliers who account for 78% of total purchases (73% in 2010); the top 15 suppliers alone accounting for 68% of the total value of these purchases.

On the basis of the 2011 figures, the top three production suppliers each account for 2-3% of the total amount of purchases (3% each in 2010), the top three suppliers of finished products account for around 33% of the total (30% in 2010), with the largest representing around 23% alone (20% in 2010), and the second and third each representing 5% (unchanged from 2010). Excluding the leading supplier, the low numbers of the next-in-line show that the Group's policy of optimising purchasing procedures (in particular procuring from a smaller number of suppliers) did not result in concentration of risks. The Group is effectively dependent on external suppliers, where a late service or delivery or even bankruptcy could be highly prejudicial to its

trading activity; it is therefore especially vigilant in spreading its risk base and limiting its reliance. Its priority is to ensure continuity of production under optimum economic conditions and to have a variety of options at its disposal, within a single product family or for a specific technology.

DEPENDENCE ON CLIENTS

The retailer is Groupe SEB's direct client, and the consumer is its final customer. In recent years, the retail distribution scene has been impacted by the disappearance of brands and the high incidence of mergers and acquisitions (in Russia and central Europe, Brazil, etc.), resulting in a concentration of major international retail distribution chains. This trend has had various consequences for suppliers, such as Groupe SEB:

- fewer clients;
- altered negotiating power, the trend being to tighten conditions (requirements concerning suppliers, financial conditions, logistics or other services);
- greater risk in the event of business failure.

In 2011, the Group's ten largest clients represented just under 32% of consolidated sales, versus approximately 29% in 2010 and 33% in 2009. It should be noted that the share made up by the most major clients has been dropping for the past three years, reflecting the diversification of the Group's exposure vis-à-vis its retailers. As in 2010, the Group's number one client is Metro/MediaSaturn, representing approximately 5.5% of consolidated sales (the same as in 2010, down from 6% in 2009). The Group's number two client is still Carrefour, representing just over 4% of sales (compared with just under 5% of sales in 2010 and almost 6% in 2009). In general, and especially in volatile markets, the Group has adopted a proactive policy of diversifying retail distribution channels by capitalising on the strong momentum of specialised outlets and the importance, in many countries, of neighbourhood stores. This is a movement away from supermarkets, whose market share has been trailing off. Also of note is the confirmation of the very sharp rise in online sales (both through pure players like Amazon or C-discount or via retailer websites), with online sales of small domestic equipment increasing by more than 30%. This structural trend stems from the simplicity of the act of purchasing, the Internet user's brand/price approach, the increased security of online methods of payment and ever-improving online services for price and product comparison, delivery, after-sales service, etc. For instance, Amazon was the Group's tenth largest client in 2011, whereas it was the 14th largest in 2010.

Whatever the case, the Group's international presence and the wide diversity of the retail distribution channels it uses around the world help to guarantee some level of dilution of customer risk.

Legal risks

RISKS RELATING TO INDUSTRIAL PROPERTY

Groupe SEB sells its products throughout the world, based on a portfolio of internationally or regionally known brands and on innovation. It must therefore constantly defend these brands and protect its business assets by filing patents and registering trademarks and designs. In 2011, the Group registered 121 patents, an all-time record, versus 110 in 2010. These measures are not always sufficient on a global scale, as some countries offer less protection than the Group's traditional markets in Europe and North America. As a result, sales are often "appropriated" by copied and counterfeited products and this can have a significant effect on growth and profitability. This obliges the Group to defend its rights by being extremely vigilant in the most critical zones (China and the Middle East), by having these products seized and destroyed by the local authorities, or by taking legal action. In 2011, for example, it had copies of the Fresh Express food processor seized and destroyed in China, as well as the moulds that had been used to produce it. Such measures inevitably come at a cost, in addition to the loss of earnings as a result of counterfeiting. For this reason, the Group works pre-emptively in collaboration with customs authorities to limit the impact of these practices on its business.

In 2011, Groupe SEB maintained its investments in terms of industrial property rights, with a specific allocation for each type of action carried out (registration of patents, measures to combat infringement, litigation management, etc.). An audit conducted during the year confirmed that the industrial property policy in place provided satisfactory protection against the risks faced around the world.

Financial market risks

FINANCING RISK AND LIQUIDITY RISK

Groupe SEB's business is based on a short-term cycle and does not demand heavy capital investment.

Liquidity risk and counterparty risk are managed centrally by the Finance and Treasury department. The Group's financing policy is to ensure the liquidity needed to finance its assets, working capital requirements and business development on a sound financial basis. This is structured around diversified short and medium-term financing sources: commercial papers, syndicated loans, private Schuldschein-type investments and, since 2011, bonds, without restriction on their use. Groupe SEB also has permanent access to unused confirmed medium-term credit lines with leading banks. In this way, the Group's financing is assured over the long term.

Details of the maturity dates of the instruments used and the financing sources available are provided in Notes 24, 25 and 26 to the Consolidated Financial Statements.

INTEREST-RATE RISK AND CURRENCY RISK

The Group sells its products in more than 150 countries. With a substantial proportion of our manufacturing still based in Europe (37% of products sold), the Group's business is strongly export-oriented. Exchange rate swings thus affect our ability to be competitive, so that these must be effectively managed from a long-term perspective. To limit the direct impact of currency fluctuations, Groupe SEB strives to balance incoming flows (products) and outgoing flows (expense) in each currency and especially in terms of procurement, by diversifying sources geographically. However, this cannot fully redress imbalances, as the Group's dollar position is short-term, while for several other currencies it is long-term. To limit this risk, the Group also uses financial instruments to hedge transaction risks.

For several years, the Group's trading activity has been strongly disrupted by volatile exchange rates. Given the swings between the sharp collapse of several currencies (rouble, Korean won, Turkish lira, Mexican peso, etc.) versus the euro in 2009, the rallying of these same currencies in 2010, followed by another round of depreciation in 2011, the Group is constantly forced to adapt its pricing policy: increasing sale prices to preserve the local profitability of commercial subsidiaries where the relevant currency depreciates against the euro and adjusting prices downwards to preserve market momentum and competitiveness where foreign currency/euro exchange rates improve. The effects on the Group's turnover are therefore very different from one year to another. For example, exchange rate effects had a negative impact of €63 million on sales in 2009, while in 2010 they had a positive impact of +€170 million. In 2011, they were again negative (-€26 million). The effects also impacted income albeit less dramatically.

Group financing uses mostly variable-rate loans in currencies that correspond to its needs (mainly the euro and the US dollar). Nevertheless, a portion of the Company's debt – the longest-term extending to 2016 – has been financed at a fixed rate, making it possible for the Group to protect itself against the likelihood of interest-rate rises.

Details of interest rate and exchange rate risks are given in Notes 26.2.1 and 26.2.2 to the Consolidated Financial Statements.

RISKS RELATING TO SHARES

At 31 December 2011, Groupe SEB held 2,331,797 treasury shares for a total value of €93.2 million. This treasury stock is deducted from shareholders' equity at acquisition cost.

On the basis of the closing price of the SEB share at 31 December 2011 (€58.12), the market value of treasury stock was €135.5 million (this market value has no impact on the Group's consolidated financial statements). A 10% increase or decrease in the share price would therefore have led to a €13.6 million change in the fair value of treasury stock. This variation has no impact on the consolidated income statement or shareholders' equity.

After two years of very strong stock market growth in 2009 and 2010 (at +85% in 2009 and +96% in 2010), SEB's stock experienced a more difficult year in 2011, underperforming the indices throughout almost the entire year. In late December, however, the share price essentially recovered to its original level. This fluctuation, in a complicated, bleak macroeconomic environment and in an, essentially, bear market, appears to be the result of profit-taking given the unrealised gains available to investors. In the end, after greatly outperforming the market for two years, SEB's share price fell by 26% over 2011, while the CAC 40 index was down 19% and the CAC Mid 60 was down 22%.

Further information on share risks is given in Note 26.2.4 to the Consolidated Financial Statements. This data also takes account of risk on the Supor share which is quoted on the Shenzhen stock market.

Sensitivity analysis

Groupe SEB conducted a sensitivity analysis of data published in 2011 to assess the impact of euro-dollar exchange rate variations on its operating result from activity* and the effect of interest-rate variations on profit before tax.

Concerning the euro-dollar exchange rate, as a regular buyer of dollars or in "dollar zones" (raw materials, products sourced in Asia, etc.), Groupe SEB has held a "short-term" position in this currency for several years. The sensitivity analysis shows that a 1% variation in the euro-dollar exchange rate would have an impact of about €3 million on the Group's operating result from activity (formerly known as the operating margin). However, other important operating currencies for the Group could also have a significant impact on operating result from activity. These include the yen, the rouble, the pound sterling, the Turkish lira, the Korean won, the Polish zloty, the Brazilian real and the Mexican peso. The depreciation of important currencies for the Group can have a strong negative impact, such as in 2009, while their appreciation in relation to the euro can result in a very positive effect (as it was the case in 2010). At any rate, the final impact is the result of all fluctuations in the rates between the euro and other currencies, which may vary greatly from one currency to another. These fluctuations may partially offset one another, cancel each other out, combine for an even greater impact, etc. In 2011, because the average euro-dollar exchange rate was less than it was in 2010 (average euro-to-dollar rate of 1.39 in 2011 vs. 1.33 in 2010), the Group was at an advantage in its procurement, and this positive exchange rate effect on operating result from activity* more than offset the negative impact of other currencies.

This sensitivity analysis does not take into account the impact of currency exchange fluctuations on the competitive capacity of our European industrial facilities, which still represent a large share of the Group's production: a strong euro in relation to most other currencies, notably the US dollar, makes European manufacturing more expensive than production in dollar zones, and thus acts as a curb on exports. Inversely, a stronger dollar could be a source of better competitiveness for our European production

* *Formerly operating margin.*

sources. Since Groupe SEB relies less on sourced finished products than its competitors, its exposure to the US dollar (which remains the standard currency for the procurement of outsourced products) is ultimately less than that of other companies.

With regard to interest rates, the analysis shows that the impact of a variation of 100 base points in short-term interest rates on profit before tax would be €5 million, based on a debt that includes the financing of the acquisitions made in late 2011 (€2 million in 2010 and €4 million in 2009).

Notes 26.2.1, 26.2.2 and 26.2.3 to the Consolidated Financial Statements provide additional information on the Group's sensitivity to currency fluctuations, variations in interest rates and raw material prices.

Insurance

GROUP GENERAL INSURANCE COVER

Groupe SEB's policy concerning insurance cover is to protect its assets against risks which could affect the Group. This transfer of risk to our insurers is nonetheless accompanied by risk protection and prevention measures. In 2010, the Group decided to re-assess its insurance costs and coverage by issuing a comprehensive, worldwide call for tenders (broker and insurance companies). This served to optimise costs and to tailor the Group's coverage to its specific risks and profile.

INTEGRATED WORLDWIDE COVER

The Group has established a worldwide insurance plan with major international insurers to protect itself against major risks, which include damage to property and loss of earnings, civil liability, client and transport risks.

Damage to assets and loss of earnings

Cover for risk of damage to property and consequent loss of earnings due to the customary risks (fire, explosion, etc.) amounts to €250 million per claim for factories and warehouses.

This cover ceiling was calculated on the basis of the maximum possible risk, in consultation with the insurers and their assessors. This valuation assumes total destruction, in a single year, of one of the Group's main production sites. Lower thresholds are fixed for other categories of more specific or localised risk, such as the risk of earthquake in certain zones where the Group operates abroad.

This insurance cover takes into consideration additional risk protection measures at Group sites, which are regularly visited by specialist risk prevention assessors from the insurance companies concerned.

Civil liability

All the Group's subsidiaries are included in a worldwide civil liability insurance scheme that covers liability relating to their operations, their responsibilities in relation to their manufactured products and the cost of product recalls.

Cover amounts are based on reasonable estimates of the risks incurred by the Group in view of its business.

The Group also guarantees the civil liability of its management under a specific insurance policy.

Environment

A multi-risk environmental insurance policy covers environmental risks.

Cover applies to:

- accidental, historical and gradual pollution;
- damage to biodiversity;
- depollution costs.

Transport and inventory

The Group's transport insurance covers damage to transported merchandise for all types of transport: sea, road/rail or air transport anywhere in the world.

This insurance covers transport risks up to an amount of €10 million per loss occurrence.

It also covers incidents occurring at warehouses up to a maximum of €15 million, with any amount over this limit being automatically covered by the policy for damage to property and loss of earnings.

Client risk

The Group's subsidiaries subscribe to credit risk insurance to cover their risk on client receivables.

Local insurance policies

More specific insurance policies are subscribed to locally by each of the Group's companies, as appropriate.

Contingent assets

There were no exceptional events or litigation proceedings other than those referred to in Note 29.1 to the Consolidated Financial Statements.

In the past 12 months, apart from what is reflected in the financial statements and described in the accompanying notes, there have been no other government, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have or have had in the recent past significant effects on the Group and/or its financial position or profitability.

2

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2.1. BOARD OF DIRECTORS

FOUNDING CHAIRMEN

Frédéric Lescure †

Henri Lescure †

HONORARY CHAIRMAN

Emmanuel Lescure

Chairman and CEO

THIERRY DE LA TOUR D'ARTAISE [(1)]

First appointment: 1999 – Expiration of term: 2012.

Aged 57.

CEO of SEB S.A. since 2000.

Entered Groupe SEB in 1994 when he joined Calor, of which he became Chairman and was appointed Deputy Chairman of SEB S.A. in 1999.

Number of SEB shares held: 125,417 shares.

Other current appointments and duties:

Board member of Club Méditerranée S.A., Plastic Omnium and Legrand,

Member of the Board of Lyonnaise de Banque, as permanent representative of Sofinaction.

Appointments within Groupe SEB Companies: Chairman of SEB Internationale, member of the Board of Supor (China).

Appointments and duties held in the last five years (excluding Groupe SEB companies) and now expired:

Member of the Board of Siparex Associés.

Board members

TRISTAN BOITEUX

Member of the Founder Group, member of FÉDÉRACTIVE.

First appointment: 2002 – Expiration of term: 2014.

Aged 49.

After having held various roles within Alcatel over a period of 11 years, since November 2000 he has been with Gemalto, where he currently serves as Product Manager, having previously held the position of commercial engineer.

Number of SEB shares held: 102,758 (of which 99,743 are held as bare-owner shares).

Other current appointments and duties:

Member of the Advisory Board of FÉDÉRACTIVE,

Member of the Management Committee of the Mireille and Pierre Landrieu Foundation.

Other appointments and duties held in the last five years and now expired:

None.

(1) Proposed for re-appointment at the General Meeting of 10 May 2012.

DAMARYS BRAIDA

Member of the Founder Group, member of VENELLE INVESTISSEMENT.

First appointment: 2001 – Expiration of term: 2013.

Aged 44.

Joined L'Oréal in 1991 as head of its Hair R&D Assets department, subsequently developing effectiveness tests and, from 2010, directing the Luxury Division's Colour Laboratories.

Number of SEB shares held: 187,194 (of which 173,243 bare-owner shares).

Other current appointments and duties:

Chairperson of VENELLE INVESTISSEMENT,

Managing Director of VENELLE PLUS.

Other appointments and duties held in the last five years and now expired:

Member of the Management Board of VENELLE INVESTISSEMENT.

NORBERT DENTRESSANGLE

Independent director.

First appointment:j 2002 – Expiration of term: 2014.

Aged 57.

In 1979 Norbert Dentressangle founded Groupe Norbert Dentressangle, a company specialising in transport and logistics, serving as its Chairman until 1998. He currently serves as Chairman of its Supervisory Board. He has also served as Chairman of Financière Norbert Dentressangle, which became Dentressangle Initiatives in October 2011, since its creation in 1988. This company is a family holding company which, in addition to a majority stake in Norbert Dentressangle S.A., holds equity interest in real estate, industrial and business services companies.

Number of SEB shares held: 4,950.

Other current appointments and duties:

Chairman of Dentressangle Initiatives (S.A.S.),

Chair of the Supervisory Board of Norbert Dentressangle (Sadir),

Chairman of ND Investissements (S.A.S),

Managing Director of Sofade (S.A.S),

Joint Managing Officer of Versailles Richaud ND (SARL),

Member of the Supervisory Board of HDL (SCA),

Vice-Chairman of the Board of AXA, Senior Independent Director,

Member of the Board of Sogebail.

Other appointments and duties held in the last five years and now expired:

AXA, member and Vice-Chairman of the Supervisory Board,

Finaixam, member of the Board,

Chairman of Financiere Norbert Dentressangle (S.A.S.).

FÉDÉRACTIVE

Member of the Founder Group.

First appointment: 2005 (co-opted by the Board on 16 December 2005) - Expiry of term: 2014.

Controlling holding company.

FÉDÉRACTIVE is represented by its Chairman, Pascal Girardot.

Pascal Girardot, aged 56, is a member of the French Institute of Actuaries. After 15 years in financial markets and financial engineering with the Caisse des Dépôts et Consignations, as a member of the Markets Directorate, and then with CPR as Risk Manager with responsibility for its New York operations, since 1997 he has been Founder-Chairman of CERTUAL, a company specialising in financial engineering.

Former Chairman of the Treasury department's Advisory Committee on mandatory standards.

Number of SEB shares held by FÉDÉRACTIVE: 10,152,018 (of which 10,152,015 are nominee shares held as beneficiary).

Other current appointments and duties:

Board member of Gaggione S.A., Babylone S.A., NewCore S.A. and Tugak S.A.S.

Other appointments and duties held by FÉDÉRACTIVE in the last five years and now expired:

None.

HUBERT FÈVRE

Member of the Founder Group, member of FÉDÉRACTIVE.

First appointment: 2003 – Expiration of term: 2015.

Aged 47.

Chartered accountant.

Based in Geneva, he is Financial Officer for Banque Pasche.

He previously held financial positions in London with Sonatrach Petroleum Corporation, VSNL International, Addax & Oryx and Finacor.

Number of SEB shares held: 533,503 (all of which are held as bare-owner shares).

Other current appointments and duties:

Member of the Advisory Board of FÉDÉRACTIVE.

Other appointments and duties held in the last five years and now expired:

None.

SOCIÉTÉ FONCIÈRE, FINANCIÈRE ET DE PARTICIPATIONS – FFP

First appointment: 2005 – Expiration of term: 2013.

FFP is a holding company listed on the Paris stock exchange and majority-owned by the Peugeot family group.

FFP is represented by Christian Peugeot.

An HEC graduate, Christian Peugeot, aged 58, has spent his whole career with Groupe PSA. He currently serves as Executive Vice-president of Public Affairs and External Relations Representative of PSA.

Number of SEB shares held by FFP INVEST, a wholly owned subsidiary of FFP: 2,521,522.

Other current appointments and duties:

Member of the Board of Orpea,

Member of the Supervisory Board of IDI,

Member of the Supervisory Board of Zodiac Aerospace,

Chairman of Financière Guiraud,

Chairman of FFP Invest.

Other appointments and duties held in the last five years and now expired:

Board member of Marco Polo Investments,

Managing Officer of Marne-FFP,

Managing Officer of FFP-Les Grésillons,

Managing Officer of Valmy-FFP,

Member of the Supervisory Board of Immobilière Dassault.

JACQUES GAIRARD

Member of the Founder Group, member of VENELLE INVESTISSEMENT.

First appointment: 1976 – Expiration of term: 2015.

Aged 72.

Having joined Groupe SEB in 1967, he was appointed Managing Director of SEB S.A. in 1976, Vice-Chairman in 1988 and Chairman and CEO from 1990 to 2000.

Number of SEB shares held: 53,950.

Other current appointments and duties:

Member of the Board of Directors of Maison Rouge, a contemporary art foundation,

Member of the Management Board of VENELLE INVESTISSEMENT.

Other appointments and duties held in the last five years and now expired:

Member of the Supervisory Board of Groupe Norbert Dentressangle,

Board member of Bongrain S.A.,

Member of the Supervisory Board of Soparind SCA.

JEAN-NOËL LABROUE

Independent director.

First appointment: 2010 – Expiration of term: 2014.

Aged 64.

Has spent almost his entire career with Groupe Darty, successively holding the positions of Chairman of the Board of Groupe Darty, Managing Director of Kingfisher Electricals UK and Managing Director of Kesa PLC until 2009.

Jean-Noël Labroue is an engineer by training, and holds a Master of Science degree from Northwestern University Chicago.

Number of SEB shares held: 800.

Other current appointments and duties:

None.

Other appointments and duties held in the last five years and now expired:

Managing Director and member of the Board of Kesa Electricals Plc (UK),

Member of the Supervisory Board of Établissements Darty et Fils,

Chairman and CEO of Kesa France,

Chairman of the Boards of New Vanden Borre and Kesa International Plc,

Board member of Datart Investments S.A., Datart Megastore S.R.O. Datart International as, Kesa Holding Ltd, Kesa Electricals Plc, Kesa Sourcing Ltd, Kesa Spain Ltd, Kesa Turquey Ltd, Kesa Electricals Asia Ltd.

PHILIPPE LENAIN[1]

Independent director.

First appointment: 2000 – Expiration of term: 2012.

Aged 75.

Former Deputy Chairman, Managing Director and Board member of the Danone Group.

Number of SEB shares held: 1,650.

Other current appointments and duties:

None.

Other appointments and duties held in the last five years and now expired:

Member of the Board of Carlson Wagon Lit France, Nord Est and Éco Emballages.

CÉDRIC LESCURE

Member of the Founder Group, member of FÉDÉRACTIVE.

First appointment: 1998, then 2009

Expiration of term: 2015.

Aged 44

Veterinary Surgeon.

Number of SEB shares held: 530,356 (of which 512,575 bare-owner shares).

Other current appointments and duties:

Managing Officer of Rallye Charmoy SARL,

Managing Officer of Vetshop Création SARL,

Managing Director of Vetshop 21 SAS,

Member of the Advisory Board of FÉDÉRACTIVE.

Other appointments and duties held in the last five years and now expired:

Manager of Groupe Forestier La Pépine.

FRÉDÉRIC LESCURE

Member of the Founder Group, member of FÉDÉRACTIVE.

First appointment: 2005 – Expiration of term: 2013.

Aged 51.

A graduate of the CESEM programme at the Reims Management School and the CSS programme of Harvard University, Frédéric Lescure is Chairman of Groupe Méaban, which specialises in the preparation and treatment of critical surfaces.

Number of SEB shares held: 46,265 (of which 39,270 bare-owner shares).

Other current appointments and duties:

Chairman of Socomore GmbH (Germany), Socomore Iberia (Spain) and Socomore Ltd (England), Socomore Shanghai Ltd (China), Socomore OOO (Russia) and Socomore Ltd (Hong Kong) and Vice-Chairman of Groupement des Fédérations Industrielles Bretagne,

Member of the Board of Magchem (Canada), Dysol (Fort Worth, Texas) and the EMC2 competitiveness cluster.

Other appointments and duties held in the last five years and now expired:

Chairman of GFI Bretagne.

(1) Proposed for re-appointment at the General Meeting of 10 May 2012.

JEAN-DOMINIQUE SENARD

Independent director.

First appointment: 2009 – Expiration of term: 2013.

Aged 59.

Jean-Dominique Senard spent the early part of his career in various financial and operational roles with Groupe Total, from 1979 to 1987, and then with Saint-Gobain from 1987 to 1996.

From September 1996 to March 2001, he was Finance Director of Groupe Péchiney and a member of its Executive Committee. He later became head of Péchiney's Primary Aluminium Division until 2004. As a member of Alcan's Executive Committee, he was responsible for the integration of Péchiney, and served as Chairman of Péchiney S.A.

Jean-Dominique Senard joined Michelin in March 2005 as Finance Director and a member of Michelin's Executive Committee.

In May 2007, Jean-Dominique Senard became a Non-general Managing Officer of Groupe Michelin.

Jean-Dominique Senard was appointed General Management Partner, along with Michel Rollier, at the General Shareholders' Meeting of the Michelin group on 13 May 2011.

Number of SEB shares held: 2,000.

Other current appointments and duties:

None.

Other appointments and duties held in the last five years and now expired:

None.

VENELLE INVESTISSEMENT [1]

Member of the Founder Group.

First appointment: 1998 – Expiration of term: 2012.

VENELLE INVESTISSEMENT, a family shareholder company, is represented by Olivier Roclore.

Following six years with CAD software company Cisigraph as Head of Legal and Tax Affairs, Olivier Roclore, aged 57, has been Head of Groupe Ortec's Legal and Tax department since 1992.

Number of SEB shares held by VENELLE INVESTISSEMENT: 7,461,243 (of which 7,443,341 are nominee shares held as beneficiary).

Other current appointments and duties:

Chairman of the Management Board of VENELLE INVESTISSEMENT,

Member of the Management Committee of Generale de Dépollution S.A.S.,

Joint Managing Officer of Quincaillerie Industrielle Berroise SARL.

Other appointments and duties held by VENELLE INVESTISSEMENT in the last five years and now expired:

None.

JÉRÔME WITTLIN [1]

Member of the Founder Group, member of VENELLE INVESTISSEMENT.

First appointment: 2004 – Expiration of term: 2012.

Aged 52.

Jérôme Wittlin began his professional career with the Crédit Lyonnais group where, notably, he was Director of Clinvest, a subsidiary specialising in mergers and acquisitions. From 2004 he was an Executive Director in the Investment Banking department of Calyon, an investment bank within the Crédit Agricole group.

He then served as Executive Director of Goldman Sachs' Private Wealth Management division in France. Since 2011, he has been Director of the Large Private Investors Department and a member of the Executive Committee of Banque Transatlantique, a subsidiary of the Crédit Mutuel CIC group.

Number of SEB shares held: 47,262 (of which 330 bare-owner shares).

Other current appointments and duties:

Managing Director of VENELLE INVESTISSEMENT,

Managing Director of Venelle Plus,

Managing Officer of Trois Rivières Holding,

Member of the Board of Trajectoire,

Member of the Board of the French Association for Brain Tumour Research (ARTC).

Other appointments and duties held in the last five years and now expired:

Member of the Management Board of VENELLE INVESTISSEMENT.

(1) Proposed for re-appointment at the General Meeting of 10 May 2012.

At 31 December 2011, Board members held 43.58% of the Company's share capital and 56.39% of its voting rights.

Each Board member is required to hold a minimum number of shares in the SEB S.A. nominal share register equivalent to about two years of attendance fees.

Founder family connection

- All Board members belonging to the Founder Group are descendants, directly or by marriage, of Founder-Chairmen Frédéric Lescure and Henri Lescure.
- There is no family connection between Board members and members of the Group Executive Committee, with the exception of Thierry de La Tour d'Artaise.

Convictions for fraud, involvement in bankruptcy or official public sanction

To the Company's knowledge:

- no member of the Board of Directors or Group Executive Committee has been convicted of fraud in the last five years;
- no member of the Board of Directors or Group Executive Committee has been the subject of a bankruptcy, receivership or liquidation in the last five years;
- no member of the Board of Directors or Group Executive Committee has been the subject of any official charge or sanction by statutory or regulatory authorities;
- no member of the Board of Directors or Group Executive Committee has been subject to any court order or restriction from serving as a member of a Management Board, Board of Directors or Supervisory Board, or from being involved in the management or affairs of an issuer of securities in the last five years.

Potential conflicts of interest

As far as the Company is aware, there is no potential conflict between their duties with regard to SEB S.A., and the individual interests of any member of the Board or general management.

Service contracts

No member of the Board of Directors or Group Executive Committee has any contractual service relationship with SEB S.A. or its subsidiaries, the terms of which would bestow advantages on the member.

2.2. ORGANISATION AND OPERATION OF THE BOARD OF DIRECTORS

Information regarding the organisation and operation of the Group's administrative and management bodies is included in the Chairman's report on internal control (page 37).

The activities of the Group's governing and management bodies are compliant with corporate governance rules generally applied by French companies whose shares are traded on a regulated market.

Groupe SEB complies with the AFEP-MEDEF Corporate Governance Code for listed companies, issued in December 2008 and updated in April 2010.

Operation of the Board of Directors

- The Board of Directors is a collective body which represents all the shareholders and acts solely in the interests of the Company.

On the proposal of the Chairman and Chief Executive Officer, the Board of Directors decides on Group strategy, capital expenditure and budgets, deliberates on the management structures of the Group and decides on acquisitions.

The Board of Directors has made it an internal rule that, in view of their importance, decisions on the cancellation of shares or the possible use of General Meeting authorisations to increase capital should be subject to a qualified majority vote of 12/15ths of the members present or represented.

- The Board of Directors has 15 members:
  - the Chairman,
  - nine Board members representing the Founder Group: five Board members are proposed by FÉDÉRACTIVE and four by VENELLE INVESTISSEMENT,
  - the company FFP,
  - four independent directors.

In light of the fact that the capital is controlled by two major shareholders, the Board of Directors has slightly less than one third of independent members, as recommended by the AFEP-MEDEF Corporate Governance Code.

To be considered independent, a director must have no relationship with the Company, the Group or its management, which could compromise the impartiality of the director's judgement (AFEP-MEDEF Code definition).

After examining the Board member situation, the Board considers that Norbert Dentressangle, Jean-Noël Labroue, Philippe Lenain and Jean-Dominique Senard are independent directors as defined by the AFEP-MEDEF Code.

Although FFP holds 5.05% of the capital, namely less than 10% of the capital (percentage from which the Board should start questioning the independence of Board members), the Board considered that at this level of investment, FFP could not be completely independent.

- The term of office of Board members is four years.
- Board membership is renewed by rotation, so that shareholders can have a more frequent influence on the make-up of the Board.
- In June 2002, the Board of Directors confirmed the unitary organisation of the Company's management authority. The Chairman, Thierry de La Tour d'Artaise, therefore assumes the function of Chief Executive Officer. This choice is based on reasons of efficiency,

The Board of Directors did not restrict the authority of the Chief Executive Officer.

Pursuant to Law no. 2011-103 of 27 January 2011 relative to balanced representation of men and women on Boards of Directors and Supervisory Boards and gender equality in the workplace, the Board of Directors planned to promote the selection of female candidates in upcoming positions to be filled, given its rotation-based membership renewal system.

Board of Directors' Meetings

The Board of Directors met five times in 2011. The attendance rate was 86.6%.

The Board of Directors has met on several occasions in recent years at Groupe SEB sites outside France – for example in Portugal in 2008 and China in 2011.

These occasions enable Board members to meet personnel in the subsidiaries and better understand local problems in their context.

Attendance fees

The maximum amount of attendance fees authorised by the 2011 Annual General Meeting is €450,000.

Each Board member receives an annual pay of €24,000.

Members participating in the work of the Board Committees receive an additional €8,000 or, in the case of Committee Chairmen, €12,000.

Due to the high attendance rate for Board and Committee Meetings, it was not considered necessary to introduce a variable portion of annual pay based on attendance.

The total amount of attendance fees allocated to Board members in 2011 amounted to €432,000.

This represents attendance fees due for the period from 1 May 2010 to 30 April 2011, and paid in May 2011.

For the subsequent period (1 May 2011 to 30 April 2012), the Board of Directors decided to use the balance authorised by the General Meeting to raise the additional compensation for Committee members to €10,000 and for Committee Chairpersons to €15,000, in consideration of their workload.

Board of Directors' Committees

To assist it in specialist matters, the Board formed two Committees in 1995, drawn from its members:

- **Since 11 December 2009, the Audit Committee** has comprised four members: Philippe Lenain, Chairman, Norbert Dentressangle, Hubert Fèvre representing FÉDÉRACTIVE and Jérôme Wittlin representing VENELLE INVESTISSEMENT. Each member has financial or accounting skills.

  The Chairman of the Committee is an independent director and has a deciding vote in the event of a split vote.

  This Committee informs the Board on the identification, evaluation and handling of the main financial risks to which the Group may be exposed. Its role is to ensure the conformity of financial reporting methods. It assists the Board with observations or recommendations and participates in the preparatory procedure for appointing Statutory auditors.

  The Audit Committee is held in the presence of the Statutory auditors, the Executive Vice-president, Finance, the Director of Internal Audit and the Director of Accounts.

  The accounts review is accompanied by a presentation to the Statutory auditors stressing the salient points, not only of earnings but also of selected accounting options as well as a presentation describing exposure to risks and significant off-balance sheet commitments.

  Audit Committee activity

  The Audit Committee met on four occasions in 2011 with an attendance rate of 93.75%.

  In 2011, the Audit Committee examined the following recurring items:

  - the draft annual accounts as at 31/12/2010 and the draft half-year accounts as at 30/06/2011, prior to their submission to the Board of Directors,
  - the Chairman's report on internal control,
  - the nature and results of the work done by the Statutory auditors along with their comments and recommendations on internal control,
  - a review of the main findings of the internal audits carried out in 2011,
  - proposed internal audit schedules for 2012,
  - a review and analysis of major risks.

  In 2011, the Director of Audit made a general presentation to the Audit Committee on the various components of internal control and its organisation.

- Since 11 December 2009, the **Nominations and Remuneration Committee** has comprised four members: Jean-Noël Labroue*, Chairman, Philippe Lenain, Pascal Girardot (representative of FÉDÉRACTIVE) and Olivier Roclore (representative of VENELLE INVESTISSEMENT).

  The Chairman of the Committee is an independent director and has a deciding vote in the event of a split vote.

  The Committee reports on its work to the Board of Directors and makes recommendations on the composition of the Board, on the terms of office of directors, and on the Group's organisation and structures; it also makes proposals to the Board concerning the executive officer remuneration policy, as well as the introduction of stock option plans and performance shares and their applicable terms and conditions.

  The Nominations and Remuneration Committee met on three occasions in 2011, with a 100% attendance rate.

  Nominations and Remuneration Committee activity

  The Nominations and Remuneration Committee addressed the following matters in 2011:

  - examination of the 2010 bonus and 2011 fixed remuneration and variables for the Chairman and other members of the Group Executive Committee,
  - all components of remuneration and motivation for senior executives, including the balance between short-term and long-term components, performance requirements and criteria, and the management incentive policy from a long-term perspective.

All issues addressed by the Audit Committee and the Nominations and Remuneration Committee are noted in a report to the Board of Directors.

The Group was unable to fully comply with the provisions of the AFEP-MEDEF Code which recommend two-thirds independent directors on the Audit Committee and a majority of independent directors on the Nominations and Remuneration Committee, due to the fact that it is controlled by two major shareholder groups.

* *Since 17 December 2010, in place of Jean-Dominique Senard.*

Evaluation of the Board of Directors

For the eighth time, the Board of Directors evaluated its operation in 2011.

The evaluation was based on a detailed questionnaire given to each Board member. This questionnaire was subdivided into seven sections:

- preparation of the Board;
- operation of the Board;
- Committees;
- remuneration of Board members;
- composition of the Board;
- keeping Board members informed;
- governance.

The Board of Directors considered that, overall, the Board's operation was very satisfactory, as most of the improvements proposed during the previous evaluations had been implemented.

On the whole, Board members are satisfied with the information provided to them to carry out their task and particularly appreciate the special site for directors, created in 2006, which contains all the documents they require.

Directors' Charter and Internal Regulations of the Board of Directors

In 2003, the Board of Directors defined a Directors' Charter and its Internal Regulations, compiled in a single document. This document has been updated regularly, and was most recently updated in 2010.

DIRECTORS' CHARTER

This Charter was drawn up to ensure that Board members have a clear understanding of their roles, rights and duties.

The main points of the Charter cover: respect for and defence of the interests of the Company, regular attendance at meetings, attention to possible conflicts of interest, access to information, confidentiality, objective analysis, and vigilance with regard to the regulations governing privileged information.

INTERNAL REGULATIONS

The Internal Regulations cover the composition, operation, role and mission of the Board and its Committees and the Board member remuneration policy.

Keeping Board members informed

When a new member is appointed to the Board, he or she is given a file containing comprehensive information on the Group and its working context. This includes the Company bylaws, the Directors' Charter and Internal Regulations, a draft agenda of each meeting of the Board and its Committees, data on its factories and marketing facilities, human resources policy, a breakdown of employees by continent and by subsidiary company, brand strategy, information on competition, and a review of our main clients.

In addition, each Board member periodically receives data concerning monthly sales figures and results, press reviews, minutes of the meetings of the Board of Directors and of the Audit and Nominations and Remuneration Committees, as well as the results of studies published by financial analysts concerning the Group.

In 2006, a documentary database for SEB directors was made available via a secure link on the corporate website. This database contains an upload of all the above documents and any other information that may be useful to the directors for completing their task.

2.3. GROUP MANAGEMENT BODIES

Group Executive Committee

Thierry de La Tour d'Artaise	Chairman and CEO
Jean-Pierre Lac	Senior Executive Vice-president, Finance
Stéphane Laflèche	Senior Executive Vice-president, Industrial Operations
Bertrand Neuschwander	Senior Executive Vice-president, Activities
Harry Touret	Senior Executive Vice-president, Human Resources
Frédéric Verwaerde	Senior Executive Vice-president, Continental Structures

Continental General Management

Xavier Desmoutier	President, Asia/Pacific
Luc Gaudemard	President, Europe
Volker Lixfeld	President, North America
Gérard Salommez	President, France and Belgium
Fernando Soares	President, South America
Martin Zouhar*	President, Eurasia

* *Since 1 January 2012.*

Strategic Business Areas (SBAs) management

Cyril Buxtorf	President, Home care & Personal care
Philippe Crevoisier	President, Kitchen Electrics
Patrick Llobrégat**	President, Cookware

** *Since 2 January 2012.*

Other General Managers

Patrick Le Corre	President, Strategy
Jean-Christophe Simon	President, Innovation

The Group Executive Committee defines and implements overall Group strategy. It meets twice a month to define consolidated goals, monitor strategic plans, decide on priorities and allocate the resources needed for Strategic Business Areas, Continental General Management and Other General Managers.

The Group Management Board comprises the members of the Group Executive Committee, the Presidents of the Strategic Business Areas and Continental Structures, the President in charge of Strategy and the President in charge of Innovation. It meets on average every two months to monitor the Group's performance and results, and if necessary, to adjust its commercial or industrial strategy.

A forum for exchanging views and reflection, the Group Management Board plays a supervisory role and ensures the proper overall functioning of Groupe SEB.

2.4. REMUNERATION AND BENEFITS

Remuneration of management (Group Executive Committee)

Following the recommendations of the Nominations and Remuneration Committee, the Board of Directors has laid down the following management remuneration policy:

- fixed remuneration is determined by taking into account the level of responsibility, experience in the management function and market practices;
- the short-term variable component depends on the Group's performance and the individual performance of each senior executive according to pre-established criteria set annually by the Board of Directors. It may represent anywhere from 0 to 150% of the basic fixed remuneration for the Chief Executive Officer and from 0 to 100% for the other members of the Group Executive Committee;
- the long-term variable component (in the form of stock options and performance shares) aims to involve management in the long-term development of the Company's value.

On these principles, the Committee proposes to the Board of Directors the fixed amount of remuneration for each executive officer, and the performance conditions for the variable component.

In 2011, remuneration of the current members of the Group Executive Committee amounted to €5,321,781 of which €2,655,082 for the fixed amount and €2,666,699 for the variable component.

Remuneration of the Chairman and Chief Executive Officer

The information given below covers all remuneration (fixed and variable components) and benefits of every kind (stock options, performance shares, severance allowance, in-kind benefits and supplementary pension provisions) concerning Thierry de La Tour d'Artaise, the only corporate officer to receive remuneration (as the other Board members receive attendance fees only).

In respect of his corporate mandate as Chairman and Chief Executive Officer of SEB S.A., Thierry de La Tour d'Artaise receives:

- a fixed remuneration;
- a variable remuneration, granted under performance conditions and capped at 150% of the fixed remuneration.

He receives no other remuneration from the Company or other Groupe SEB companies, apart from attendance fees for his membership of the SEB S.A. Board of Directors, amounting to €24,000 in 2011.

FIXED REMUNERATION

The amount of annual salary is discussed and then proposed by the Nominations and Remuneration Committee to the Board of Directors.

In 2011, the fixed remuneration for Thierry de la Tour d'Artaise was €850,000, up 6% from the amount paid in 2010 (€800,330). It should be noted that this amount had remained the same since 2007.

VARIABLE COMPONENT

The variable remuneration of Thierry de La Tour d'Artaise is calculated according to the same principles and rules used for the Group's executives:

The variable component linked to the Group's performance, measured in relation to targets for the Group's turnover and operating result from activity*, accounts for 60%, and the component linked to individual performance measured by the Nominations and Remuneration Committee according to specific strategic goals represents 40%.

The items taken into account to calculate the variable component specifically include the personal contribution of the CEO to strategy, good governance, and the Group's continued development.

The quantitative and qualitative performance criteria are defined by the Board of Directors at the beginning of the year in line with the Group's strategic priorities.

These annual objectives are discussed and then proposed by the Nominations and Remuneration Committee, before being confirmed by the Board of Directors.

The amount of the variable component is calculated on the basis of the annual fixed remuneration relating to the previous year.

The variable component bonus paid in 2011 in respect of the 2010 financial year was €1,248,000.

The variable component bonus paid in 2012 in respect of the 2011 financial year will be €948,600.

For 2011, the qualitative criteria used to calculate these items include: continued growth of the Group, particularly in emerging economies, and the increased stake in Supor.

* *Previously known as the operating margin.*

BENEFITS IN KIND

Thierry de La Tour d'Artaise has a company car, equivalent to a benefit of €8,595 for the year, and receives €15,204 per year for the use of an apartment in Paris.

LONG-TERM COMMITMENTS

Pension commitment

Thierry de La Tour d'Artaise is covered by the Group supplementary pension scheme for Groupe SEB's French senior management (members of the Group Executive Committee and Group Management Board).

This scheme supplements the mandatory pension plans and comprises a defined contribution plan (known as "Article 83") supplemented by a defined benefit plan:

- differential plan based on the officer's seniority and presence. The benefit may be paid to supplement the pensions from the legal plans up to 25% of the reference remuneration computed over the average of the last three annual target remunerations;
- top-up plan contingent on seniority and presence for which the potential entitlement vested by year of seniority is 0.8% of the reference remuneration calculated over the average of the last three annual target remunerations and capped at 20 years of seniority or 16% of the reference remuneration.

To benefit from the defined benefit plans, Groupe SEB executives must have occupied functions within the Group Executive Committee or Group Management Board for at least eight years.

The scheme is capped at 41% of the reference remuneration (including pensions from mandatory plans).

Furthermore, the Board of Directors' Meeting of 19 March 2010 decided, in addition to the above rules, to limit the reference remuneration used as the calculation basis to 36 times the annual Social Security ceiling in force on the retirement date. This means that the corporate officer will be eligible for a gross compensation replacement rate (including the benefits of statutory retirement plans) of 31% of the reference remuneration at the legal retirement age.

The Group intends to outsource the entire commitment through matching payments to a fund into which the pension contributions are made on a regular basis.

Severance allowance

Thierry de La Tour d'Artaise will not be entitled to any compensation for loss of office when he ceases to be a corporate officer.

His employment contract, signed when he joined the Group in 1994 and last amended when he was appointed Chief Executive Officer, was suspended on 1 March 2005 for the duration of his term as corporate officer.

In the same way as for other Executive Committee members, the contract stipulates that in the event of termination of his employment contract at Groupe SEB's initiative, except as a result of gross negligence or serious misconduct, or at his own initiative following a change of control of Groupe SEB, Thierry de La Tour d'Artaise will be eligible for a total termination benefit equal to two years' remuneration. Following adoption of France's TEPA Act, an addendum to this contract was signed making the termination benefit subject to performance conditions. The revised contract stipulates that the termination benefit, set at a maximum of two years' gross salary and bonus, will be adjusted based on actual performance in relation to targets over Thierry de La Tour d'Artaise's last four years of service, as follows:

- if average actual performance falls short of the targets by 50% or more, no termination benefit will be paid;
- if average actual performance represents 50% to 100% of the targets, between 75% and 100% of the termination benefit will be paid;
- if average actual performance exceeds the targets, the termination benefit will be paid in full.

The Board of Directors reserves the right to reduce this allowance by a maximum of one-half if the last trading year showed a net loss; however, the allowance may not be less than the fixed basic salary plus bonus for the last financial year if application of the performance criteria based on achievement of targets gives entitlement to payment of an allowance.

The employment contract binding Thierry de La Tour d'Artaise includes no allowances concerning a non-competition clause.

In accordance with the AFEP-MEDEF Code, the Board of Directors examined the status of the Chairman with regard to his employment contract at the time of his re-election, the Chairman's term of office expiring at the next General Meeting on 10 May 2012.

The Group's remuneration policy aims to attract and retain talented employees. Groupe SEB's policy has always been to encourage internal promotion and sustainable management.

On 17 February 2012, at the recommendation of the Nominations and Remuneration Committee, the Board of Directors agreed that the employment contract of Thierry de La Tour d'Artaise should remain suspended due to his age, his personal situation and his seniority within the Group. His employment contract was suspended on 1 March 2005 for the duration of his term as corporate officer.

Retirement lump-sum payment

The total retirement lump-sum payment entitlement of Thierry de La Tour d'Artaise amounts to €358,343.

STOCK OPTIONS – PERFORMANCE SHARES

There was no stock option or performance share plan in place within Groupe SEB in 2011.

As a reminder, hedging instruments are prohibited and, to the knowledge of the Company, no such instrument has been put in place.

TABLE 1

Remuneration, stock options and shares allocated to the Chief Executive Officer

	2010	2011
Thierry de La Tour d'Artaise – Chairman and Chief Executive Officer		
Remuneration due for the year (details in table 2)	€2,095,970	€1,846,399
Valuation of stock options allocated during the year (details in table 4)*	€649,112	0
Valuation of performance-related shares allocated during the year (details in table 6)*	€227,772	0
TOTAL	**€2,972,854**	**€1,846,399**

* *On each allocation date, the book fair value of the stock options and shares is determined in accordance with IFRS rules.*

TABLE 2

Breakdown of the Chief Executive Officer's remuneration

	Amounts in respect of 2010		Amounts in respect of 2011	
Thierry de La Tour d'Artaise – Chairman and Chief Executive Officer	**Due**	**Paid**	**Due**	**Paid**
Fixed remuneration	€800,330	€800,330	€850,000	€850,000
Variable component	€1,248,000	€1,120,000	€948,600	€1,248,000
Exceptional remuneration	none	none	none	none
Attendance fees	€24,000	€24,000	€24,000	€24,000
In-kind benefits: – Car allowance	€9,060	€9,060	€8,595	€8,595
– Accommodation	€14,580	€14,580	€15,204	€15,204
TOTAL	**€2,095,970**	**€1,967,970**	**€1,846,399**	**€2,145,799**

TABLE 3

Attendance fees and other remuneration received by members of the Board of Directors excluding the Chairman and CEO

Board members	Attendance fees paid in 2010	Attendance fees paid in 2011
Tristan Boiteux	€24,000	€24,000
Damarys Braida	€24,000	€24,000
Philippe Desmarescaux	€33,600	N/A
Norbert Dentressangle	€32,000	€32,000
Hubert Fèvre	€21,000	€24,000
Jacques Gairard	€24,000	€24,000
FÉDÉRACTIVE (Pascal Girardot)	€34,400	€32,000
Jean-Noël Labroue	N/A	€28,000
Philippe Lenain	€44,000	€44,000
Antoine Lescure	€15,000	N/A
Cédric Lescure	€9,000	€24,000
Frédéric Lescure	€24,000	€24,000
FFP (Christian Peugeot)	€24,000	€24,000
Jean-Dominique Senard	€24,000	€32,000
VENELLE INVESTISSEMENT (Olivier Roclore)	€27,200	€32,000
Jérôme Wittlin	€32,000	€32,000
TOTAL	**€392,200**	**€400,000**

TABLE 4

Stock option allocation for share subscription or purchase to the Chief Executive Officer in 2011

	Date of the plan	Type of stock option	Valuation of stock options based on the method used in the consolidated financial statements	Number of stock options allocated	Exercise price	Exercise period
Thierry de La Tour d'Artaise	none					

TABLE 5

Stock options exercised by the Chief Executive Officer in 2011

	Date of the plan	Number of stock options exercised during the year	Exercise price	Year of allocation
Thierry de La Tour d'Artaise		none		

TABLE 6

Performance shares allocated to the Chief Executive Officer in 2011

	Date of the plan	Share valuation	Number of shares granted	Vesting date	Availability date	Performance conditions
Thierry de La Tour d'Artaise	none					

TABLE 7

Performance shares available during 2011 for the Chief Executive Officer

	Date of the plan	Number of available shares	Vesting conditions
Thierry de La Tour d'Artaise	11/06/2009*	none	
	18/06/2010	none	

* *On 11/06/2011, 5,938 performance shares were granted to the CEO under the plan dated 11/06/2009, but these shares will not be available until 11/06/2013 (see section 7.4).*

TABLE 8

History of stock option allocation for share subscription or purchase to the Chief Executive Officer

At 31 December 2009	Subscription plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan
Date of AGM	04/05/2000	03/05/1999	14/05/2002	14/05/2002	06/05/2004	06/05/2004	11/05/2006	11/05/2006	13/05/2008	13/05/2009	12/05/2010
Date of Board of Directors' Meeting	14/06/2001	19/04/2002	17/10/2002	18/06/2003	18/06/2004	08/04/2005	16/06/2006	20/04/2007	13/05/2008	12/06/2009	18/06/2010
Total stock options allocated [a]	493,500	417,450	598,125	612,150	539,100	554,700	589,798	579,150	1,005,900	371,300	412,592
Of which options allocated to CEO Thierry de La Tour d'Artaise [a]	66,000	49,500	6,600	115,516	104,989	105,000	105,012	105,000	105,000	71,250	59,942
Stock option exercise date	14/06/2005	19/04/2006	17/10/2006	18/06/2007	18/06/2008	08/04/2009	16/06/2010	20/04/2011	13/05/2012	12/06/2013	18/06/2014
Expiry date	14/06/2009	19/04/2010	17/10/2010	18/06/2011	18/06/2012	08/04/2013	16/06/2014	20/04/2015	13/05/2016	12/06/2017	18/06/2018
Subscription or purchase price (in €) [a]	18.18	27.88	25.15	24.24	31.67	28.00	29.33	44.00	38.35	28.05	53.86
Average of last 20 prices prior to Board Meeting (in €) [a]	17.95	27.78	26.65	24.03	31.52	28.20	29.01	43.73	38.35	28.05	53.854
Number of stock options exercised [a]	66,000	49,500	6,600	115,516	0	0	0	0	0	0	0
Number of stock options cancelled [a]	0	0	0	0	0	0	0	0	0	0	0
Balance of stock options remaining to be exercised [a]	0	0	0	0	104,989	105,000	105,012	105,000	105,000	71,250	59,942

(a) Takes into account the allocation of free shares in March 2004 (one for ten) and the three-way split on 16 June 2008.

TABLE 9

Options allocated in 2011 – ten highest allocations of stock options to non-executive officers

Total number of stock options allocated	Weighted average price	Plan in question
None		

Stock options exercised in 2011 – ten highest stock options exercised by non-executive officers

Date of the plan	18/06/2003	18/06/2004	08/04/2005	16/06/2006	20/04/2007	Overall
Type of stock options	Purchase	Purchase	Purchase	Purchase	Purchase	
Price of option	€24.24	€31.67	€28.00	€29.33	€44.00	€34.71
Number of stock options exercised	28,734	30,799	3,380	61,303	80,400	204,616

TABLE 10

General information about the Chief Executive Officer

	Employment contract		Complementary pension scheme		Indemnities or benefits due or likely to be due subsequent to the termination or modification of functions		Allowance concerning non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Thierry de La Tour d'Artaise	suspended*		X		X			X

* *Employment contract suspended for the duration of his term as Chairman and Chief Executive Officer (four years), expiring at the end of the General Meeting of 10 May 2012. Re-election will be proposed at this General Meeting on 10 May 2012.*

2

Share transactions carried out by members of SEB management during 2011 (Article L. 621-18-2 of the French Monetary and Financial Code)

Name	Function	Number of shares bought or subscribed	Average acquisition price	Number of shares sold	Average sale price
Tristan Boiteux	Board member	133	€69.16		
Person linked to Tristan Boiteux	Board member	316	€69.16		
Person linked to Damarys Braida	Board member	10,655	€69.73		
Hubert Fèvre	Board member	119	€69.31	9,900	€72.92
Société Foncière Financière et de Participation – FFP	Board member			2,521,522*	
Person linked to Société Foncière Financière et de Participation – FFP	Board member	2,521,522*			
Jacques Gairard	Board member	6,000	€68.46	1,000	€77.00
Pascal Girardot, permanent representative of FÉDÉRACTIVE	Board member	256	€66.99		
Person linked to Pascal Girardot, permanent representative of FÉDÉRACTIVE	Board member	70	€69.31		
Jean-Pierre Lac	Executive Vice-president			7,000	€71.89
Cédric Lescure	Board member	47	€68.83		
Person linked to Frédéric Lescure	Board member			20,580	€54.79
Person linked to Jérôme Wittlin	Board member	9,500	€60.03		

* *Reclassification within FFP via capital contribution.*

2.5. CHAIRMAN'S REPORT ON INTERNAL CONTROL

In accordance with Article 117 of the French Financial Securities Act of 1 August 2003, and the provisions of Article L. 225-37 of the French Commercial Code, as amended on 3 July 2008 (Law no. 2008-649), the object of this report is to describe the organisation of the work of the Board of Directors, and the internal control procedures adopted by Groupe SEB for the year ended 31 December 2011.

This report, drawn up under the supervision of the Chairman, is essentially based on the coordinated work of the Group's Audit and Organisation department, in liaison with the Finance department and the main corporate support functions and operational management. It also takes account of consultations with the Audit Committee and the Statutory auditors.

This report was approved by the Board of Directors on 17 February 2012.

In accordance with the new provisions of the law of 3 July 2008 which requires each company to identify which Corporate Governance Code it abides by, Groupe SEB hereby indicates that it abides by the AFEP-MEDEF Corporate Governance Code of December 2008.

Group internal control environment

In the course of its operations and in pursuit of its business strategy, Groupe SEB is exposed to a number of risks and unknown factors, both internal and external. To cope with this situation, it has set up an organisation and procedures aimed at identifying, quantifying, anticipating and managing these risks as much as possible, in order to reduce their negative impact and thus to help to achieve the Company's operational and strategic goals.

The internal control system is a process defined and implemented by the Group under its own responsibility to ensure:

- compliance with laws and regulations;
- application of instructions and guidelines, and conformity with the Group's internal practices;
- the proper functioning of the Group's internal processes;
- the quality, integrity and relevance of its internal and external information, particularly financial disclosures;
- organisational adaptation to changes in standards and regulations;
- consistency between identified risks, objectives and expected benefits;
- reduced exposure to risks of fraudulent behaviour;
- prevention, and, if necessary, punishment of unethical conduct.

As with any control system, it cannot provide an absolute guarantee that these risks are totally eliminated.

Groupe SEB is an international entity, whose organisation is firstly divided into geographical zones for continents, each with their own ranges of products to sell. In addition, operations are organised by activity, covering specific product lines and trademarks. This mode of operating depends on decentralisation of operational responsibilities and extensive delegation.

But at the same time, to guarantee efficient overall management, Groupe SEB applies clearly-defined operational and delegation rules. It also benefits from a well-established corporate culture which is rooted in shared fundamental values that foster an ethical working environment: high-quality work, mutual respect, team spirit, loyalty and thoroughness.

The internal audit system is based on a structured Quality Management System defining 11 key functional areas which integrate the demands and requirements of sustainable development.

A signatory of the Global Compact since 2003, Groupe SEB supports the values set out in this document and promotes them throughout the Company. The Group Human Resources department states in its guiding principles that: "The Group is a community of men and women who share the same objectives and values."

Against this background, Groupe SEB enjoins all its employees to uphold ethical standards and act in accordance with them.

An initiative to define a Groupe SEB code of ethics is currently under way and will be completed in 2012. An appropriate plan will be implemented to communicate the Group's code of ethics to employees.

The integrity of the internal control function is also assured by an internal control manual, detailing the main internal control guidelines for each Group structure:

- use of a delegation manual and definition of power limits;
- internal control rules governing commercial operations, the management of customer credit and settlement methods, relations with banking institutions, payroll management, purchasing control, financial asset management and the protection of corporate property and assets;

- respect for rules governing division of responsibilities;
- policies applying to insurance cover and hedging;
- financial reporting audit principles.

The risk analysis and internal control processes use two basic tools:

- an annual "top-down" review and analysis of the main risks. In 2011, the members of the Group Executive Committee, the Director of Legal Affairs, the Director of IT Systems, the Director of Quality, the President in charge of Innovation, the President in charge of Strategy, the Presidents of the three core business units and the President for China were interviewed individually to help identify and analyse the top ten risks that Groupe SEB is or could be exposed to. Each risk was evaluated in terms of probability and impact, and actions to mitigate each risk were identified. This resulted in the annual map of risks faced by Groupe SEB;
- a "bottom-up" process involving self-assessment questionnaires, based on processes. These are sent out to each operational entity and are designed to identify possible weak points and encourage the practice of internal control at all levels, with a view to making Group operations more efficient.

In 2011, the self-assessment process was completed as in previous years, with one questionnaire every two years for each Group entity.

Added to these two methods of evaluation are internal audits of all entities and of all the Group's functions, as well as the annual and half-yearly reviews carried out by the Statutory auditors.

In 2011, the Internal Audit department carried out missions at 12 market companies representing 29% of the Group's sales, and at three plants, representing 32% of Group production, and it analysed five Group processes.

The crisis management system, established in 2010, was put into action in 2011 in response to the natural disasters in Japan and Thailand. Improvements were made to the system based on these real-life situations. The parties involved underwent new training and are now equipped with additional documents that prepare them to deal with specific issues.

Internal control participants

THE BOARD OF DIRECTORS, THE AUDIT COMMITTEE AND THE NOMINATIONS AND REMUNERATION COMMITTEE

The role of these bodies is described in the "Organisation and Operation of the Board of Directors" section, pages 26, 27 and 28.

GROUP EXECUTIVE COMMITTEE AND GROUP MANAGEMENT BOARD

Their role is described in the "Group Management Bodies" section, page 29.

THE INTERNAL AUDIT DEPARTMENT

Internal audit, as defined by professional standards, consists of "an independent and objective process which ensures that the Group has adequate control of its operations and which offers advice on improving the latter while contributing to added value. The internal audit function helps the Group to achieve its objectives by systematically and methodically evaluating its risk management, control and corporate governance procedures, and through recommendations for their improvement."

The role of the Groupe SEB Internal Audit department is fully consistent with this approach.

The Internal Audit department is responsible for evaluating, at all locations where the Group is established and for all functions, compliance with Group Internal Rules and procedures and any non-compliance with legislation, and for ensuring that Group assets are protected. It is also required to evaluate the efficient conduct of operations and to ensure that all business risks are anticipated and controlled.

In the area of risk management, the Internal Audit department draws up a map of high-level risks.

Based on this map, on the self-assessment questionnaires and on the principle of an audit in each entity every three or four years, the Audit department proposes an internal audit plan for the following year.

This plan is submitted to the Audit Committee.

Each internal audit – adapted to circumstances and conducted locally by an average of three Auditors over a two-week period – gives rise to an audit report which is sent to the audited structures and their upline management, to the members of the Group Executive Committee and to the Group Chairman and CEO, describing the basic organisation of each process and making recommendations.

Steps are then taken by operational management to remedy identified shortcomings in internal control, and to make any other necessary improvements. The implementation of resulting action plans is subjected to a systematic internal audit review within 12 months of the audit.

The results of these audits are compared with the results of the self-assessments, thus completing the full circle of the internal control process.

In order to ensure continuous improvement of internal control and Company efficiency, the main recommendations issued by the Audit department for each process are shared annually with the Group Management Committee for the main Group divisions: Purchasing, IT, Quality, Finance, Human Resources, Supply Chain, Production, After-sales Service and Marketing.

The Internal Audit department draws up an annual report of work done which is presented to the Group Executive Committee and the Audit Committee.

The Audit Committee reviews the resources needed by the Internal Audit department to carry out its work, and makes observations or recommendations as required. The Internal Audit department has a staff of ten people.

THE LEGAL AND INSURANCE DEPARTMENT

The role of the Group Legal department is to ensure that the Group complies with legal and regulatory requirements wherever it operates, to protect the Group's assets and businesses and to defend the interests of the Group, its management and employees in carrying out their functions. The Legal department is concerned with three main areas of internal control:

- it drafts and updates model contracts and their related procedures for frequently recurring transactions (purchases of goods and services, conditions of sale, advertising campaigns, damages claims, etc.);
- it makes recommendations to the Group Executive Committee on rules for delegating authority, and on the circulation and protection of confidential information, and it applies and monitors these rules;
- it selects external legal advisers, monitors their services and performance, and oversees invoicing follow-up in liaison with the Management Control department.

The role of the Legal department in the area of insurance is to ensure that there is adequate insurance cover of the risks to which the Group is exposed. Groupe SEB insurance cover is managed on a worldwide consolidated basis. Worldwide insurance cover is arranged in partnership with leading insurance pools; additional specific policies can be subscribed to locally.

THE FINANCE, TREASURY AND TAX DEPARTMENT

The role of this department is to ensure the security, transparency and efficiency of treasury and financial transactions, and to ensure compliance with regulations and tax obligations in all the countries where the Group is based.

Its responsibilities in this area cover:

- financial resource management, in consultation with the Executive Vice-president, Finance, to ensure the Group's liquidity;
- cash flow management;
- financial risk assessment and hedging (particularly in the areas of foreign exchange and raw material prices);
- on-going relations with banks;
- financial management support for subsidiaries, and support for the Group's General Management, in financial planning for new projects.

This department has a triple responsibility in the area of internal control:

- monitoring tax inspections carried out by taxation authorities in all the Group's entities;
- ensuring consistency in the tax procedures used by the Group's entities and in liaison with tax consultants, verifying the compliance of the Group's main activities with current legislation;
- selecting tax consultants and monitoring the services provided along with their cost.

Amidst the volatile economic situation in 2011, the Credit Management department enhanced its management of client risk at the international level, namely by implementing a monthly reporting system on the breakdown of client payment terms and client risk exposure according to level of delegation.

THE GROUP ACCOUNTING DEPARTMENT

This department is responsible for ensuring that the Group's accounting principles and standards are compliant with international commonly-accepted accounting standards. It closes the Group's accounts, in collaboration with the entities, in a timely manner. It makes sure that the accounting done by the subsidiaries is reliable and in compliance with the Group's accounting principles. It provides the Group's management and outside partners with pertinent financial information.

The Group Accounting department is in charge of the pooled corporate services centres (CSP) for Accounting and Management Services. In 2011, measures were taken to expand the scope of authority of the CSPs, including the integration of the subsidiary Groupe SEB UK within the CSP for Western Europe, the creation of a CSP for Central Europe, based in Warsaw, the founding of a CSP for Supor's cookware operations in China, in addition to the CSP already in place for its small domestic appliance operations. The implementation of these CSPs, which share common procedures and tools, improves information quality and speed of access to information.

THE GROUP MANAGEMENT CONTROL DEPARTMENT

The Group Executive Committee attaches great importance to the Group's planning procedures. These prepare the ground for the annual budget, which makes it possible to define the Group's strategic priorities and draw up operational plans.

The Management Control department is responsible for issuing appropriate directives and guidelines to help those involved in drawing up the budget.

It coordinates budget planning and control, using a handbook of management procedures and rules applicable to all entities, including Group budgeting, forecasting and management reporting methods.

The management reporting system uses a consolidation management tool for calculating the Group results.

Physical or financial controls make it possible to verify balance sheet items such as components of the working capital requirement and cash position.

These various aggregates are budgeted at the end of the year and monitored monthly.

The Management Control department draws up a Group budget forecast chart and distributes this, with an analysis of significant variances and trends based on the information provided by the Group's entities in their monthly business reports.

The department operates with accounting and management software that allows efficient operational and strategic monitoring.

THE INFORMATION SYSTEMS DEPARTMENT

The Group's IT system is designed to guarantee the security, integrity, availability and traceability of information.

To ensure the proper use of these tools and the utility of data, an operating manual adapted to the needs of users has been drawn up.

The Group has also introduced procedures to ensure the security of its information systems and the integrity of its electronic data.

An Information Systems Steering Committee is responsible for drawing up an IT master plan which corresponds to the Group's organisational needs and general development policy. This Committee, chaired by the Executive Vice-president, Industry, comprises the Information Systems department and representatives of user entities (including Continental General Management, Strategic Business Areas Management, the Group Finance department and the Human Resources department). Within this framework, it determines the nature of IT system projects and decides on priorities for resource allocation and IT security policies.

The IT Data Security Committee, of which the Audit department is part, meets regularly to ensure that the level of IT risk within the Group and its subsidiaries is adequately managed and that appropriate informational and sensitisation measures are taken to prevent the risk of piracy of our systems.

Internal audit missions now include more detailed scrutiny of IT security risk areas, in particular concerning integrated software: user profile management and the risk of system access rights within an enterprise function.

The risk of intrusion into the network and/or into a centralised application is periodically evaluated and tested.

Data security audits were also conducted in some supplier companies.

THE QUALITY DEPARTMENT

The desire to improve the quality of its products and processes has always been a central concern of Groupe SEB.

The Group uses a Quality Management System (QMS) with Group-wide standards that are posted on the Company's intranet.

Documentation for this system includes reference to all procedures, tools and methods relating to the Group's key processes:

- management procedures, definition of Group policy, strategic planning, constant improvement in quality, and safeguarding the environment;
- operational processes including strategic marketing, R&D, sales and marketing, client order processing and production transfers;
- operational support functions, covering human resources, information systems, purchasing, finance, after-sales service and customer assistance.

The Quality department uses monthly feedback reporting to fine-tune its action plans, which are then submitted to the Group Executive Committee.

THE SUSTAINABLE DEVELOPMENT DEPARTMENT

This department submits the Group sustainable development policy to the Group Executive Committee for approval and then coordinates its implementation. It promotes awareness-raising initiatives and encourages appropriate behaviour within the Group.

To prepare the Group and anticipate the demands of the decree proposed under Article 225 of the Grenelle II environmental law, which is expected to take effect from the financial year ending 31 December 2012, the Sustainable Development department had a preliminary voluntary audit conducted in 2011 on the information in the sustainable development report. This preparatory work continued in 2012 with another voluntary audit providing a limited assurance report.

THE FINANCIAL COMMUNICATIONS DEPARTMENT

Each year, this department draws up a schedule of the Group's regular financial communications for financial markets and institutional investors. It identifies, in collaboration with the Legal department, legal and regulatory requirements for publication of Group financial notices.

Accounting and financial information procedures

Internal control procedures for accounting and financial information aim to ensure the quality of the financial information provided by the consolidated subsidiaries, and the fairness and accuracy of the financial information issued by the Group, while safeguarding against risks of error, inaccuracy or omission in the Group's financial statements.

Groupe SEB uses internal control guidelines based on AMF framework guidelines and accounting and financial audit principles.

CENTRALISED TREASURY AND FINANCE OPERATIONS

Local regulations permitting, the Group Finance department ensures the financing of its subsidiaries via cash pooling, inter-company financing contracts and the use of currency flows for payments and receipts.

This centralisation of operations allows the Finance department to:

- control external debt and monitor its development;
- manage the risk rate inherent in the contracted debt;
- finance its subsidiaries in their local currency where regulations permit;
- anticipate and manage currency risk inherent in commercial and financial flows.

Another important element of internal control is the Group's centralised choice of working-partner banks and effective long-term management of these relations.

This organisation enables the Finance department to ensure overall control of the Group's treasury operations.

CONSOLIDATED ACCOUNTS MANAGEMENT AND CONTROL

We have already described the role of Group Management Control in overseeing monthly consolidated financial management information.

Budgetary control identifies deviations from performance targets, on the basis of monthly consolidated data which is compared to an analysis of Group operational directives. This makes it possible to identify any changes or discrepancies in relation to financial budget data and previous years.

This decentralised statutory consolidation includes all the companies in the Group that are directly or indirectly controlled by the Group's holding company, SEB S.A.

Each consolidated subsidiary prepares a set of accounts, restated to comply with the Group's accounting procedures and based on accounting data from local information systems. All the Group's entities apply IFRS accounting standards.

The Finance Managers of the subsidiaries prepare the restated accounts on the basis of the Group's accounting procedures handbook, which sets out rules for accounting entries and evaluation.

This handbook describes the principles used to draw up financial statements. The principles cover areas such as preparation of accounts on the assumption of operational continuity, compliance with accounting periods, and ensuring the integrity of the information in the financial statements. It is regularly updated to integrate changes in legislation and regulations governing the preparation of consolidated accounts in France.

The accounting procedures handbook also gives a precise description of the principles used by the Group for accounting entries, and evaluation and presentation of the main items in the financial statements:

- descriptions of constituent items of the consolidated income statement with their definitions, as well as consistency tests for the purpose of taxation;
- rules governing balance sheet and off-balance sheet items and their presentation;
- regulations concerning the valuation of certain estimated items, such as:
  - provisions for the impairment of receivables,
  - provisions for the impairment of stocks of raw materials and finished products,
  - provisions for the impairment of non-current assets,
  - provisions relating to sales (e.g. warranties and unsold returns),
  - other provisions for risks and charges and in particular, provisions for restructuring;
- accounting principles applied to reporting intra-Group transactions.

Prior to each consolidation period, the Group Consolidation department issues a reminder of the reporting deadline and indicates any newly-applicable changes in standards, rules and principles.

On receiving the sets of accounts for consolidation, the Group Consolidation department conducts the usual verifications before carrying out the actual consolidation. This review of the accounts submitted is an opportunity to verify the evaluation and accounting methods used for large, unusual or exceptional transactions.

To ensure the integrity of the financial data received from the subsidiaries, the Group Consolidation department refers to the covering letter sent in by the management of each subsidiary (whether or not consolidated), at the time of closure of the half-yearly and annual accounts. In this covering letter, the official representative and the Finance Director of the entity concerned jointly certify the compliance of the financial statements with the Group's accounting rules and principles, the effectiveness of the internal control procedures used to process and draw up the financial statements and the absence of irregularities involving personnel or management. In addition, they comment on any significant events occurring during the accounting period under review and describe all elements which, in themselves or in their overall effect, influence the comprehension and evaluation of the financial statements of the entity concerned.

FINANCIAL COMMUNICATION

The Group's financial statements, accounts and notes to the accounts are drawn up on the basis of the final data processed by the consolidation software. These are then integrated into the annual or half-year reports.

The texts of all the Group's financial publications (annual and half-year reports, letters to shareholders, shareholder guide, etc.) are drawn up by reference to information gathered throughout the year and specific interviews conducted at least twice a year (or more frequently as dictated by current concerns or special issues) with the senior management of the SBAs, Continental Structures and Corporate Support Functions. They are validated by the latter and by the Group Executive Committee.

2.6. STATUTORY AUDITORS' REPORT

prepared in accordance with Article L.225-235 of the French Commercial Code (*Code de Commerce*), on the report prepared by the Chairman of the Board of Directors of SEB SA

YEAR ENDED 31 DECEMBER 2011

To the shareholders,

In our capacity as statutory auditors of SEB SA and in accordance with Article L.225-235 of the French Commercial Code (*Code de Commerce*), we hereby report to you on the report prepared by the Chairman of your Company pursuant to Article L.225-37 of the French Commercial Code for the year ended 31 December 2011.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L.225-37 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with the professional practice standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information

The professional practice standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information. These procedures mainly consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining whether any significant weaknesses in the internal control procedures relating to the preparation and treatment of accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the Company's internal control and risk management procedures relating to the preparation and treatment of accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L.225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the report of the Chairman of the Board includes the other disclosures required by Article L.225-37 of the French Commercial Code.

Lyon and Villeurbanne, 16 March 2012

The Statutory auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Bernard RASCLE	Dominique VALETTE

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 the relevant professional standards applicable in France.

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3.1. CHALLENGES OF GROUPE SEB

For several years, Groupe SEB has been committed to a responsible approach that strives to be ethical, economically profitable, socially fair and ecologically responsible. In order to instil sustainability criteria at all levels of the Company and on all continents, the Sustainable Development Steering Committee was completely reorganised in 2012 and reinforced through the expertise of several department managers. The main objective of this Committee will be to define and follow-up short- and medium-term action plans, in conjunction with all of the Group's challenges:

Enforcing ethical values

Code of ethics. In ten years, Groupe SEB has doubled in size, acquired various companies and greatly expanded its international operations. It now has almost 24,000 employees around the world, with more than two-thirds of its workforce located outside of Europe. Because a common culture and shared Group values are essential to the success of a responsible, ethical, global approach, Groupe SEB decided to structure and formalise its policy in the form of a Code of ethics. This Code will be published in mid-2012.

Responsible purchasing. With more than 1,150 industrial suppliers worldwide, Groupe SEB bears great responsibility in terms of the production of its products under ethical conditions. It is only natural then that the Group has committed to a responsible purchasing policy and has implemented reporting and control systems to ensure that its suppliers comply with its labour and environmental requirements. In 2012, a number of projects will be carried out to strengthen this policy, e.g. suppliers will be rated by a third-party organisation, social and environmental audits will be transferred to an outside firm, and chemicals will be monitored (REACH) via the EcoMundo dedicated online platform. A Responsible Purchasing Charter will also be issued, in conjunction with the Group Code of ethics.

Audit. A pioneer in this regard, Groupe SEB decided to have all of its social and environmental performance information audited in 2010 by an independent firm. While this initial audit was merely a "dry run", it was, nevertheless, a success. It was no surprise then that the Group obtained a limited assurance report, issued by PriceWaterhouseCoopers, on its 2011 information.

Adhering to a social responsibility policy

Human Rights. A signatory of the Global Compact since 2003, the Group decided to evaluate its teams' practices in relation to Human Rights in 2007. To do this, it implemented the Human Rights Compliance Assessment (HRCA) Quick Check, a self-evaluation tool developed by the Danish Institute for Human Rights, in all subsidiaries employing more than ten people. Since 2010, the CBSSC (China Business and Social Sustainability Check), a version of the HRCA Quick Check adapted for China, has been used within the sites of the Group's Chinese subsidiary (Supor).

Training. The training policy covers all Group employees and most training programmes are organised in a decentralised manner. Each year, the Human Resources department defines the Group's training priorities. Using this frame of reference, each subsidiary develops its own training plan based on the employees' needs and aspirations, as expressed during the annual evaluation. A global reporting system makes it possible to track the training provided throughout the world.

Diversity. In France, Groupe SEB signed the Diversity Charter in 2005. Because diversity is a source of vitality, creativity and innovation, the Group promotes all aspects of diversity: cultural diversity, which naturally arises from the Group's international nature; gender equality; ethno-social diversity; inclusion of seniors; etc. A variety of measures have been taken to strengthen the application of this policy at the Group's sites and to increase communication and education on this topic for all employees. In 2011, a Diversity Monitoring Commission and a Diversity Board, with participation from LICRA*, were created to promote diversity and combat all forms of discrimination.

Gender equality. Every open position within Groupe SEB is filled based exclusively on skills and expertise, without any other restriction. Employees with equivalent skills in any given position will receive the same salary. This is equally true for management positions. A proactive agreement was signed by Groupe SEB in late 2011, but this merely served to formalise its social policy of fairness and accountability. In 2011, 33% of the Group's managers were women, across all entities, compared with 20% in 2002.

Health and safety. For several years, Groupe SEB has taken steps to reduce the number of workplace accidents and limit the number of employees affected by work-related health conditions, primarily musculoskeletal disorders (MSDs). These efforts to improve occupational health and safety are a top priority, as they pertain to employees' day-to-day lives and work. The Group has also worked to be granted certification for its health and safety management system in order to structure its on-site initiatives in a sustainable manner. At the end of 2011, almost 76% of the Group's industrial and logistical entities, worldwide (100% in France), were OHSAS 18001 certified (Occupational Health and Safety Assessment System), excluding the new acquisitions made in 2011.

* *International League against Racism and Anti-semitism.*

Upholding our commitment to corporate citizenship

Corporate citizenship. In the regions in which it operates, Groupe SEB acts as a responsible economic stakeholder and, in the event that a site needs to be restructured, it makes every effort to limit the impact of its decision on the employees and local life. The Group is also an active member of the community. It fosters many connections with local stakeholders and participates in public debates, such as discussions on nutrition and health. Its commitment to corporate citizenship is also seen in its corporate sponsorship policy, which focuses on the promotion of social integration. This policy is embodied by the Groupe SEB Corporate Foundation and the many local initiatives carried out by its subsidiaries. Its corporate sponsorship actions represented a total of €2.2 million in 2011.

Creating sustainable innovations to meet consumer needs

Consumers. Today's consumers demand products that take health and safety into account. These products need to be environmentally friendly and produced in a responsible manner. Groupe SEB has taken the necessary steps to ensure strict control over all of these aspects. Each new generation of products is enhanced by innovations that embody an ever-increasing respect for people and the environment and that take health and nutritional concerns into account. The Group also pays close attention to the quality of its products and to the relationship with its consumers. Two key objectives in the Group's policy toward consumers are improving after-sales service and encouraging product repairs over replacement. In this regard, the Group relies on a network of 3,500 licensed repair technicians around the world.

Reducing our environmental impact

Eco-design. Groupe SEB's eco-design policy aims to limit the environmental impact of its products throughout their entire life cycle: increasing their recyclability, prohibiting numerous hazardous materials, reducing the amount of resources used, reducing energy use in stand-by mode, etc. These efforts drawn on the internal eco-design guide, which will be completely revised in 2012. This new guide, intended for the R&D and marketing teams, will include aspects related to the ability to repair and recycle, energy consumption, and LCA*, and its "materials library" will guide teams in their choice of materials.

Eco-production. In 2004 the Group adopted a worldwide environment management system aiming, first and foremost, to control the use of resources (water and energy) and to reduce waste and emissions. At year-end 2011, 74.3% of the Group's industrial and logistic entities, worldwide, were certified under the environmental standard ISO 14001. This figure includes Supor, Imusa and Asia Fan. Action plans aiming to reach 100% by the end of 2013, excluding new acquisitions, have been approved.

Eco-logistics. The transport of products, as well as the materials and components used to make these products, is one of the main sources of greenhouse gas emissions within Groupe SEB, which clearly hopes to reduce these emissions. At the end of 2009 an initial balance sheet for greenhouse gas emissions related to transport was drawn up, and, since then, the Group has continued improving the reliability of the data in this assessment. To further reduce its emissions, the Group is focusing on two main areas: maximising the load factor of freight vehicles (trucks or sea freight containers) and increasing the use of alternative, environmentally friendly modes of transport (waterway, rail, etc.). A Group-wide initiative has also been deployed across the Group's manufacturing facilities aiming to take logistical constraints into consideration from the beginning of the product and packaging development process: EffyPACK (packaging system for supply chain efficiency).

Green IT. Groupe SEB continues to expand its environmentally responsible IT policy, focusing on three main priorities in 2012: reduction in the number of printers and the amount of paper used in France and, later, worldwide; virtualisation of servers; and the integration of sustainability criteria in the procurement of hardware (computers and telephones).

End-of-life. In Europe, the collection and processing of small domestic appliances are managed by eco-organisations. Groupe SEB is especially involved in this endeavour in France, where it chairs Éco-Systèmes, the country's largest eco-organisation.

* *Life cycle analysis.*

3.2. SOCIAL PERFORMANCE INDICATORS

2011 non-financial indicators reviewed ☑

The Groupe SEB human resources policy is based on major factors such as the respect of Human Rights, the development of skills, health and safety in the workplace, dialogue with labour organisations, diversity and equal opportunities.

All data provided below concern our worldwide operations, except for information clearly identified, which does not include Supor. These data do not include Asia Fan (Vietnam) and Maharaja Whiteline (India), companies in which Groupe SEB acquired a 65% and 55% stake, respectively, in 2011.

Data concerning these new acquisitions will be included progressively, as and when they are integrated into the various Group processes.

Highlights in 2011 include the integration of data from Imusa, a Colombian company acquired by Groupe SEB at the end of February 2011, as well as a 17% drop in the absenteeism rate since 2010, i.e. a drop of almost 50% over the last two years.

Payroll and charges

(Worldwide)

	2011		2010		2009	
(in € millions)	World	France	World	France	World	France
Payroll [(a)]	450.7	221.2	429.3	215.8	381.2	210.8
Payroll taxes [(b)]	116.6	63.7	112.6	62.3	104.0	59.8
Pension provisions	42.3	36.8	39.3	33.8	37.8	33.8

(a) Excludes bonuses and profit-sharing – includes provisions for holiday pay, excluding individual benefits.
(b) Includes provisions for payroll taxes on holiday pay.

Since Imusa was acquired at the end of February in 2011, the data included for this Colombian subsidiary cover March through December. The figures for 2010 and 2009 do not include newly-acquired entities (Imusa, Asia Fan and Maharaja Whiteline).

Breakdown of employees by geographical zone ☑

(Worldwide)

(number of individuals)	2011	2010	2009
France	5,904	5,820	5,944
Other Western European countries	1,372	1,416	1,405
Central Europe, CIS and other countries	736	727	669
North America	673	726	649
South America	2,818	2,268	2,026
Asia/Pacific	12,485	12,101	9,970
TOTAL	**23,988**	**23,058**	**20,663**

In two years, the Group's total number of employees has increased by 16%. This change in the number of employees can be explained primarily by the increase in operations, and thus an increase in employees, in the Asia/Pacific region, as well as by the acquisition of Imusa in Colombia, which added almost 650 employees to the global workforce.

Breakdown of changes in staffing

(Worldwide)

(number of individuals)	2011	2010*	2009*
FRANCE			
Recruitment [(a)]	**594**	**477**	**290**
Fixed-term contracts	253	264	204
Permanent contracts	341	213	86
Departures [(a)]	**503**	**599**	**611**
Economic redundancies	0	9	1
Terminations for other reasons	32	26	38
AVERAGE RATE OF STAFF TURNOVER [(b)] *(%)*	**1.00**	**0.36**	**0.55**
OTHER WESTERN EUROPEAN COUNTRIES			
Recruitment [(a)]	**208**	**250**	**215**
Fixed-term contracts	112	134	101
Permanent contracts	96	116	114
Departures [(a)]	**235**	**225**	**321**
Economic redundancies	34	24	99
Terminations for other reasons	28	34	34
AVERAGE RATE OF STAFF TURNOVER [(b)] *(%)*	**1.87**	**1.32**	**1.22**
CENTRAL EUROPE, CIS AND OTHER COUNTRIES			
Recruitment [(a)]	**153**	**146**	**110**
Fixed-term contracts	62	68	43
Permanent contracts	91	78	67
Departures [(a)]	**132**	**87**	**153**
Economic redundancies	10	0	3
Terminations for other reasons	12	5	52
AVERAGE RATE OF STAFF TURNOVER [(b)] *(%)*	**14.30**	**9.55**	**10.78**
NORTH AMERICA			
Recruitment [(a)]	**95**	**198**	**148**
Fixed-term contracts	17	2	4
Permanent contracts	78	196	144
Departures [(a)]	**159**	**128**	**167**
Economic redundancies	48	9	84
Terminations for other reasons	34	34	14
AVERAGE RATE OF STAFF TURNOVER [(b)] *(%)*	**9.58**	**11.13**	**10.22**
SOUTH AMERICA			
Recruitment [(a)]	**596**	**670**	**271**
Fixed-term contracts	165	147	97
Permanent contracts	431	523	174
Departures [(a)]	**657**	**425**	**399**
Economic redundancies	163	46	199
Terminations for other reasons	169	134	71
AVERAGE RATE OF STAFF TURNOVER [(b)] *(%)*	**8.54**	**6.49**	**3.85**

(a) Excluding internal transfers.
(b) Number of resignations of permanent contract employees/Average number of permanent employees in 2011.
** Not including Supor.*

(Breakdown of changes in staffing, continued)

(number of individuals)	2011	2010*	2009*
ASIA/PACIFIC			
Recruitment [a]	**9,773**	**395**	**255**
Fixed-term contracts	9,583	214	165
Permanent contracts	190	181	90
Departures [a]	**9,390**	**331**	**323**
Economic redundancies	2	3	2
Terminations for other reasons	8	5	7
AVERAGE RATE OF STAFF TURNOVER [b] *(%)*	**14.54**	**21.74**	**16.33**

(a) Excluding internal transfers.
(b) Number of resignations of permanent contract employees/Average number of permanent employees in 2011.
** Not including Supor.*

The integration of Supor in 2011 data and the rise in its employee population have generated an increase in fixed-term or similar contracts, which are very common in China and are usually valid for a lengthy term, especially for manual workers.

Breakdown of employees by type of contract

(Worldwide)

	2011	2010	2009
FRANCE			
Permanent contracts, fixed-term contracts or other short-term contracts [a]	5,777	5,729	5,875
Full-time	89.0%	88.8%	88.7%
Part-time	11.0%	11.2%	11.3%
OTHER WESTERN EUROPEAN COUNTRIES			
Permanent contracts, fixed-term contracts or other short-term contracts [a]	1,365	1,403	1,387
Full-time	78.8%	79.9%	81.5%
Part-time	21.2%	20.1%	18.5%
CENTRAL EUROPE, CIS AND OTHER COUNTRIES			
Permanent contracts, fixed-term contracts or other short-term contracts [a]	735	727	669
Full-time	93.5%	93.4%	96.0%
Part-time	6.5%	6.6%	4.0%
NORTH AMERICA			
Permanent contracts, fixed-term contracts or other short-term contracts [a]	673	726	649
Full-time	97.3%	96.4%	96.9%
Part-time	2.7%	3.6%	3.1%
SOUTH AMERICA			
Permanent contracts, fixed-term contracts or other short-term contracts [a]	2,769	2,244	1,995
Full-time	99.8%	99.8%	100.0%
Part-time	0.2%	0.2%	0.0%
ASIA/PACIFIC			
Permanent contracts, fixed-term contracts or other short-term contracts [a]	12,485	12,102	9,970
Full-time	99.9%	99.6%	99.5%
Part-time	0.1%	0.4%	0.5%

(a) Not including apprenticeships.

Persons with disabilities

(Worldwide)

	2011		2010		2009	
	World	France	World	France	World	France
Number of employees with disabilities	416	300	435	273	447	290
% of employees with disabilities [a]	1.73	5.08	1.88	4.66	2.16	4.88

(a) Ratio between the number of employees with disabilities and total employee population as at 31 December 2011, excluding temporary employees and ESAT (Établissement et Service d'Aide par le Travail) sheltered employees.

The rise in employee population in China, where the number of identified people with physical disabilities is relatively low (0.18%), has a sharp impact on the percentage of employees with disabilities in the Group. Excluding Supor, the percentage of employees with disabilities is equal to 3.11%.

Absenteeism rate [a]

(Worldwide)

	2011	2010	2009*
France	3.8	4.1	5.0
Other Western European countries	3.0	2.3	3.9
Central Europe, CIS and other countries	2.9	1.4	1.9
North America	1.0	2.7	6.8
South America	4.8	3.5	3.4
Asia/Pacific	0.8	0.7	1.1
TOTAL	**2.0**	**2.4**	**4.1**

(a) Ratio between the number of days absent and the hypothetical number of days present.
** Not including Supor.*

The consistent overall drop in absenteeism over the past three years is due to the efforts made by the various countries to improve workplace conditions and the emphasis placed on the social climate.

Breakdown by gender and category ☑

(Worldwide)

(as a %)	2011	2010	2009
MALE			
Direct manual labour	29.2	29.4	28.6
Employees	23.2	23.3	24.0
Managers	6.7	6.5	6.9
TOTAL	**59.1**	**59.2**	**59.5**
FEMALE			
Direct manual labour	20.0	20.4	20.1
Employees	17.6	17.3	17.3
Managers	3.3	3.1	3.1
TOTAL	**40.9**	**40.8**	**40.5**

Excluding Supor, direct manual workers, both male and female, represent only 34.2%, while managers represent 18%. Over the past two years, the number of female managers has increased almost 27% worldwide.

Collective agreements

(Worldwide)

	France	Other Western European countries	Central Europe	North America	South America	Asia/Pacific	Total
2011	31	11	6	10	11	16	85
2010	23	38	6	3	6	14	90
2009	44	34	3	0	10	5	96

A total of 85 collective agreements were signed in 2011, 63.5% of which were international.

External labour [(a)]

(Worldwide)

	2011	2010	2009
France	602	567	481
Other Western European countries	57	18	55
Central Europe, CIS and other countries	78	50	42
North America	201	317	1
South America	1,119	1,083	984
Asia/Pacific	1,177	1,083	872
TOTAL	**3,234**	**3,118**	**2,435**

(a) Temporary full-time equivalent staff.

Overtime

(Worldwide)

2011: In France, 52,152 hours, or 29 full time-equivalents (FTEs) (2010: 49,969 hours or 27 FTEs).

Worldwide excluding Supor, 387,235 hours, or 188 FTEs (2010: 420,028 hours or 205 FTEs).

For Chinese subsidiary Supor, 6,794,645 hours, or 3,267 FTEs (2010: 5,429,380 hours or 2,610 FTEs). These figures are linked to the local context, with, for instance, an increase in trading activity and tension in the recruitment of labour in Eastern China in 2011.

Workplace safety: frequency and severity ☑

(Worldwide)

	2011	2010	2009
FRANCE			
Number of workplace accidents with leaves	86	101	118
Number of lost days	3,938	5,819	5,244
Frequency rate (a)	9.96	11.99	14.00
Severity rate (b)	0.46	0.69	0.62
OTHER EUROPEAN COUNTRIES			
Number of workplace accidents with leaves	11	10	12
Number of lost days	195	107	99
Frequency rate (a)	3.03	4.38	4.29
Severity rate (b)	0.05	0.05	0.04
NORTH AMERICA			
Number of workplace accidents with leaves	5	5	10
Number of lost days	101	11	376
Frequency rate (a)	3.98	4.05	7.80
Severity rate (b)	0.08	0.01	0.29
SOUTH AMERICA			
Number of workplace accidents with leaves	44	27	23
Number of lost days	976	407	399
Frequency rate (a)	7.47	5.91	5.26
Severity rate (b)	0.17	0.09	0.09
ASIA/PACIFIC			
Number of workplace accidents with leaves	71	127	106
Number of lost days	1,507	2,226	2,577
Frequency rate (a)	2.07	4.33	4.30
Severity rate (b)	0.04	0.08	0.10

(a) Number of workplace accidents with leaves per million hours worked.
(b) Number of lost days per thousand hours worked.

The worldwide accident frequency rate in 2011 stood at a very strong 4.04, versus 5.73 in 2010. The Group's performance, as a whole, significantly exceeds the goals set for 2011 (frequency rate <6.5 and severity rate <0.30), thanks to the progress made throughout the Group, excluding the 2011 acquisitions, in relation to 2010.

The global severity rate remains satisfactory at 0.13. However, this average rate conceals striking disparities, especially between France and other countries. The severity rate in France is greatly impacted by pain-type accidents (muscles or joints), which are less prevalent in the accident rates of other countries.

Training (staff and training hours)

(Worldwide excluding Supor)

	2011	2010	2009
☑ Number of training hours [a]	269,661	225,029	191,599
☑ Number of staff trained	8,515	8,091	8,168
☑ *Of which women*	*3,270*	*4,940*	*5,078*
☑ *Of which men*	*5,245*	*3,151*	*3,090*
Number of employees trained in workplace safety	3,276	2,801	2,498

(a) Based on the number of employees trained multiplied by the number of training hours per session.

In 2011, the employees of the Chinese subsidiary Supor (all employee categories combined) received a total of 284,416 hours of training.

Training budget

(Worldwide excluding Supor)

(as a % of payroll)	2011 [a]	2010 [b]	2009 [b]
France	4.28	2.68	2.53
Other Western European countries	1.94	1.00	0.49
North America	1.26	0.90	0.52
South America	2.34	1.58	1.16
Asia/Pacific	3.13	2.06	1.29
Central Europe, CIS and other countries	3.21	1.88	1.50
TOTAL	**3.38**	**2.08**	**1.85**

(a) Teaching cost + expenses, excluding wages for trainees.
(b) Teaching cost + expenses, excluding wages for trainees and indirect manual labour.

In 2011, the wages paid for indirect manual labour were included as training expenses in order to better assess the reality of the Group's efforts in this area.

Groupe SEB University

(Worldwide)

	2011	2010	2009
Number of trainees	1,591	1,540	1,456
Number of training sessions	122	161	107
Number of training hours [a]	35,905	36,700	19,186

(a) Based on the number of employees trained multiplied by the number of training hours per session.

Bonuses and profit sharing

(France)

(in € thousands)	2011	2010	2009
Provision for bonuses	19,905	16,886	15,500
Provision for profit-sharing	27,697	15,310	22,059
TOTAL	**47,602**	**32,196**	**37,559**

Amounts paid in the year indicated in respect of the previous trading year.

An additional €1,780,229.50 was paid out in France in October 2011 as the profit-sharing bonus in respect of 2010 profit.

In 2012, the amount paid in bonuses and profit sharing will amount to €40.7 million. This amount includes the bonus mentioned above.

3.3. CORPORATE CITIZENSHIP INDICATORS

Operations of the Groupe SEB Foundation

Created in 2007 for an initial period of five years, the Groupe SEB Foundation's vocation is to combat exclusion. It supports projects to help people in difficulty reintegrate into society, with three focuses: employment, housing and education/training. Its bylaws were renewed for another period of three years. In keeping with the previous budget, €1.8 million was allocated to the Groupe SEB Foundation. In the future, the Foundation will work to boost its international initiatives, in collaboration with the subsidiaries. Furthermore, it organises volunteer and corporate skill sponsorship initiatives with the participation of the Group's employees.

In five years, the Foundation has supported 167 projects, including 84 large-scale products, led by organisations with which it has developed close ties, e.g. Habitat & Humanisme, Envie, Fondation de la 2e Chance, Fondation d'Auteuil and Agence du Don en Nature, of which Groupe SEB is a founding member. Each day, its work is enhanced through employee participation. The Foundation currently counts more than 164 volunteers and a dozen "ambassadors" at its French sites.

In 2011, the Groupe SEB Foundation supported 54 highly diverse projects (48 in 2010) in the context of a support budget that amounted to €550,000 in cash and €329,000 in product donations. Of these projects, 14 were new and got the Group involved with various groups looking to join the labour force: young volunteers involved in civic service, students, people with disabilities, released prisoners, etc.

3.4. ENVIRONMENTAL PERFORMANCE INDICATORS

2011 non-financial indicators reviewed ☑

Groupe SEB has worked for many years to improve the environmental performance of its industrial entities and logistics platforms. The worldwide Environment Management System put in place in 2003 aims in particular to reduce greenhouse gas emissions and to limit water and energy consumption and waste production.

The latest entities to join the Group progressively adopt an environmental certification approach that respects Groupe SEB standards. Today, 74.3% of the Group's industrial and logistics entities are ISO-14001 certified worldwide, including the head office (by convention), Supor, Imusa and Asia Fan.

Apart from its own production units, Groupe SEB ensures that its suppliers are also seeking environmental certification.

All data provided below concern our worldwide operations, except for information clearly identified, which does not include Supor, Imusa and/or Asia Fan. These data do not include Maharaja Whiteline, the Indian company in which Groupe SEB acquired a 55% stake in late 2011.

Data concerning these new acquisitions will be included progressively, as and when they are integrated into the various Group processes.

Energy consumption ☑

(ISO-14001 certified entities)

	2011		2010		2009	
	World	France	World	France	World	France
Total consumption of gas *(in GWh)*	148.3	141.0	173.8	165.4	157.8	144.3
Total consumption of LPG *(in metric tons)*	818.8	242.6	886.6	267.0	508.3	250.9
Total consumption of electricity *(in GWh)*	158.7	108.0	159.1	107.2	148.4	99.1
Total consumption of water *(in thousands of cubic meters)*	998.0	844.8	1,002.1	846.9	1,026.0	859.4
Total consumption of oil, excluding fuel *(in cubic meters)*	31.8	27.7	46.8	38.7	57.3	47.7

The Group's indirect consumption of all raw materials dropped across the board in 2011, in relation to prior years.

The ratio of energy consumption to the quantity of manufactured finished products remained unchanged for water and electricity but decreased by over 14% for gas (1.65 kWh/FP).

Greenhouse gas emissions ☑

PRODUCTION

(ISO-14001 certified entities)

(in metric tons of CO_2 equivalent)	2011	2010	2009
Greenhouse gas emissions	32,946	34,318	30,320

On a like-for-like basis, greenhouse gas emissions from industrial and logistics entities decreased in relation to 2010, even despite increased production within the Group.

In 2011, this indicator was modified and its scope was expanded in order to cover direct greenhouse gas emissions ("scope 1") generated through the burning of fossil fuels, as well as indirect emissions stemming from the electricity purchased ("scope 2"). With this new formula, greenhouse gas emissions from the Group's industrial and logistics entities come to 57,426 metric tons of CO_2 equivalent.

LOGISTICS

(Worldwide)

(in metric tons of CO_2 equivalent)	2011	2010	2009
Average value of greenhouse gas emissions	250,325	265,000	305,000

In 2011, for the third time, Groupe SEB drew up a balance sheet of its greenhouse gas emissions related to the transport of products, materials, and components. This new assessment estimated worldwide greenhouse gas emissions at an average of 250,325 metric tons of CO_2 equivalent. The emissions related to the Group's transport activities therefore decreased, despite an increase in sales. This change is due both to the eco-logistics efforts made by Groupe SEB entities (including improved load factors and the use of alternative modes of transport), and to the increased accuracy of the calculations performed (thus, less uncertainty regarding the assessment). While almost 60% of data were extrapolated in 2010, only 26% were extrapolated in 2011.

Waste

(ISO-14001 certified entities)

	2011		2010		2009	
	World	France	World	France	World	France
Non-hazardous waste (NHW) *(in metric tons)*	12,002	8,343	12,828	8,532	11,110	7,682
NHW Recycled, excluding metals and sludge, treated by recycling systems *(as a %)*	82.8	82.5	81.0	82.0	79.0	82.0
☑ Hazardous industrial waste (HIW), 100% treated *(in metric tons)*	984*	885*	2,096	1,472	1,476	943
Water treatment plant sludge, disposed of in class II landfills *(in metric tons)*	3,876	3,836	4,020	3,962	4,265	4,169

* *The reliability of this indicator was improved, which led us to exclude externally treated effluents and waste oil for this year.*

In 2011, 82.8% of the Group's non-hazardous waste was treated in recycling systems and 7.4% was used to produce energy. The Group also kept track of its metal waste and WEEE* from production waste, which amounted to 6,250 and 320 metric tons, respectively, for this year.

ISO certification ☑

(Worldwide)

	2011	2010	2009
Number of certifiable entities	*35*	*32*	*32*
Entities holding ISO 14001 certification [(a)]	74.3%	78.0%	75.0%

(a) Based on industrial and logistics entities at the end of the year concerned (including the Group's head office).

The Lagostina (Italy) site was ISO-14001 certified at year-end 2011.

NB: In this table, the three Supor sites (China) and the Imusa site (Colombia) holding environmental certification awarded by a local organisation are not considered to be ISO 14001-certified under Groupe SEB terms. An action plan is under way to ensure that these sites progressively evolve to reach Groupe SEB standards.

* *Waste Electrical and Electronic Equipment.*

3.5. REPORT BASED ON THE REVIEW BY A STATUTORY AUDITOR OF THE ENVIRONMENTAL AND SOCIAL PERFORMANCE INDICATORS SELECTED

and published in the section on Corporate, social and environmental responsibility in Groupe SEB's 2011 Registration Document

In response to the request we received and in our capacity as a Statutory auditor of SEB S.A., we performed the tasks necessary to express our limited assurance regarding a selection of environmental and social performance indicators published in Groupe SEB's Registration Document for the 2011 financial year under the section on Corporate, social and environmental responsibility.

The selected environmental and social performance indicators (hereinafter referred to as the "Indicators") are listed below; they are identified by ☑ in the Registration Document:

- Environmental performance indicators:
  - "Greenhouse gas emissions from industrial and logistics sites" indicator,
  - "Greenhouse gas emissions related to transport (logistics)" indicator,
  - "Total consumption of gas" indicator,
  - "Total consumption of fuel oil" indicator,
  - "Total consumption of electricity" indicator,
  - "Total consumption of water" indicator,
  - "Hazardous industrial waste treated" indicator,
  - "ISO 14001 certified sites" indicator;
- Social performance indicators:
  - "Employees by geographical zone" indicator,
  - "Breakdown by gender and category" indicator,
  - "Number of workplace accidents with leaves" indicator,
  - "Number of lost days" indicator,
  - "Workplace accident frequency rate" indicator,
  - "Workplace accident severity rate" indicator,
  - "Number of training hours" indicator,
  - "Number of staff trained" indicator (including the number of women and the number of men).

These indicators were prepared by Groupe SEB's Sustainable Development department in accordance with the guidelines entitled "Sustainability information reporting protocol" (*Protocole de reporting informations DD*) used by the Group in 2011 and available from the Group's Sustainable Development department.

Our role is to express an opinion on these selected indicators based on our audit.

Nature and scope of our work

We performed our assignment in accordance with the IFAC-ISAE 3000 standard "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and according to the professional guidelines applicable in France.

We carried out the following procedures to obtain limited assurance that these selected indicators are free of material misstatements. A higher level of assurance would have required a more extensive review.

- We examined the reporting procedures developed by Groupe SEB in terms of their relevance, reliability, objectivity and clarity.
  - At the Group level:
  - We carried out analytical procedures and used samples to verify the calculations and the consolidation of data used to produce the environmental and social performance indicators. This work drew on interviews with the individuals responsible for this reporting within the Sustainable Development department, the Personnel Administration and HR Reporting department, the Training and School Relations department, the Industrial department, the Supply Chain department and the Standards and Environmental Quality department,
  - Based on our consultations with the individuals responsible for producing the social and environmental performance indicators within these various departments, we verified that procedures had been properly applied. We also conducted tests of detail that involved verifying the calculations and comparing data against supporting documentation;
- We selected a sampling of entities:
  - Mooca – São Paulo, Brazil (social and environmental performance indicators),
  - São Bernardo do Campo – Brazil (social and environmental performance indicators),
  - GSF – Lyon, France (social performance indicators),
  - CALOR – Pont Evêque, France (social and environmental performance indicators),
  - SEB Développement – Ecully, France (social and environmental performance indicators),
  - SSEAC – Shanghai, China (social and environmental performance indicators),
  - Tefal – Rumilly, France (social and environmental performance indicators).

These entities were selected based on quantitative and qualitative criteria applied to the indicators.

- At the level of the selected entities:
  - Based on our consultations with the individuals responsible for preparing the data, we verified proper understanding and application of the procedures,
  - We conducted tests of detail, based on samples, that involved verifying the calculations and comparing data against supporting documentation.

These entities' contribution to Groupe SEB's consolidated indicators represents 21-15% for the social performance indicators and 51-78% for the environmental performance indicators.

To assist us with these tasks, we drew on the support of our teams specialising in sustainable development.

Conclusion

Based on our audit, we did not observe any material misstatements likely to cast doubt on the fact that (a) the process for establishing the social and environmental performance information and (b) the selection of the social and environmental performance indicators in question have been established, in all significant respects, in accordance with the guidelines entitled "Sustainability information reporting protocol" (*Protocole de reporting informations DD*) used by Groupe SEB and applicable in 2011.

Neuilly-sur-Seine, 19 March 2012

Statutory auditor PricewaterhouseCoopers Audit

Bernard Rascle

Partner of PricewaterhouseCoopers Advisory within the Sustainable Development department

Sylvain Lambert

4 Commentary on the financial year

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4.1. 2011 HIGHLIGHTS

General environment

After the economic crisis of 2008-2009, the general context was much more favourable throughout 2010, characterised by economic recovery and by steady or growing consumer spending levels in most markets, whether mature or emerging. As a result, the year 2011 opened to a rather promising global situation, although certain problem areas in the first half of the year should even be overlooked at the major difficulties experienced by many European countries (Greece, Spain, Portugal, etc.), the socio-political disruption caused by the Arab Spring (while this had little direct impact on the Group's business, it did have an indirect effect, especially in relation to oil prices) and the natural and industrial disasters in Japan. From the third quarter onwards, the macroeconomic climate became noticeably less stable, affected by a series of new concerns and grim indicators, such as the severe downturn of the situation in European countries dealing with the economic crisis, the general sluggishness of the US economy and the downgrading of its credit rating by Moody's and Standard & Poor's, rumours of a slowdown in China, etc. This gloomy news and the austerity measures imposed resulted in a high level of pessimism and a sharp drop in household confidence in the mature markets mentioned above, not to mention a significant decrease in consumer spending. The situation was less troubled in other countries, but demand dipped somewhat in Western Europe, while momentum remained strong in the emerging economies. On the whole, this trend continued in the fourth quarter, yet it should be noted that US consumer spending experienced a rebound beginning with Black Friday and around the Christmas holiday.

Under these circumstances, the small domestic equipment market experienced a brisk first half, thanks in large part to demand from the emerging economies, followed by softer growth beginning in the summer, amplified by the downturn seen in Europe during the last four months. Ultimately, the market finished the year 2011 on the rise, although this growth has slowed as the months have progressed. In terms of quality, it is apparent that the strained economic context (a repeat of 2008-2009) is reflected in consumer buying behaviour, which tends towards low-price products and discounts. This situation results in heightened competition, with competition between industry players being intensified by the competition between retail distributors.

As for the retail distribution industry, after the difficulties encountered in 2008-2009, the reforms and "standardisation" in 2011 made it possible to address 2011 from a calmer perspective. Nevertheless, certain retailers remain in a precarious position, and most clients manage stock levels with extreme care, throughout the world. Despite a few cases of bankruptcy and store closures – either confirmed or anticipated – 2011 was not affected by any major incidents, thanks to a judiciously managed commercial policy and high credit insurance levels.

Currencies

The volatility prevalent over recent years persisted. While 2008 and 2009 were characterised by a negative currency impact on sales (-€69 million in 2008 and -€63 million in 2009) due to the marked depreciation of numerous currencies in relation to the euro, 2010 was just the opposite with a +€170 million currency impact on sales, due to the rallying of these same currencies against the euro, especially during the second half of the year. This trend continued during the first quarter of 2011, before making a sudden U-turn during the second quarter and continuing in this direction until the end of the year. Ultimately, the currency effect on 2011 sales stands at -€26 million. This amount is the result of a mix of fluctuations depending on currency and period of the year. Based on the average exchange rates for 2011 compared to 2010, most currencies weakened in relation to the euro: this is the case, namely, for the Turkish lira (-14.5%, with a steeper decline during the second half of the year), the Ukrainian hryvnia (-6.7%), the Mexican peso (-3.1%), the Polish zloty (-3%) and, to a lesser extent, the rouble, the pound sterling and the Korean won (ranging between -1.5% and -0.6%). The US dollar (-4.7% for the year in relation to the euro) and the Chinese yuan (-0.2% for the year in relation to the euro) both followed a rather mixed path depending on the quarter. They started the year on the rise, then weakened for two quarters, before abruptly resuming an upward trend during the last three months of the year. Regarding the Brazilian real, after almost two years of continued appreciation, including the first quarter of 2011, it slowed its pace beginning in the spring and continued downwards until the end of the year, ending at a rate almost unchanged for the 12-month period. Despite a few hiccups, the yen grew 4.9% against the euro in terms of average exchange rate in 2011 and 2010. Amongst all of these currencies, the two that had the greatest negative effect on 2011 sales were the Turkish lira and the US dollar; however, the weakening of the dollar did have a positive impact on the Group's purchases.

The persistent volatility affecting exchange rates over the past few years is disruptive – sometimes having a positive effect and sometimes having an adverse effect – on the Group's highly international operations. Despite this uncertainly, the Group makes every effort to turn a profit everywhere it does business.

Raw materials

The Group's business is exposed to fluctuations in the price of certain raw materials, including metals such as aluminium, nickel (used in stainless steel) and copper. In recent years, the markets have been extremely mixed and variable. After a "high" cycle in 2007 and early 2008, during which prices reached record highs, the crisis in late 2008 and 2009 caused these prices to turn sharply downwards. When inflation picked up again in late 2009, this led to a marked, uninterrupted increase in metal prices. This increase was very much linked to the economic recovery, and particularly to the rapid rise in Chinese demand, which put heavy pressure on commodities with impacts on prices. The weakening of the general economic climate and the recurrence of a serious crisis situation in mid-2011, with, in particular, concerns regarding the ability to maintain strong growth in the emerging markets (and especially in China), greatly impacted prices beginning in the summer. Metal prices thus experienced a significant and steep drop beginning in the summer of 2011.

In 2011, the inflation seen in the first half of the year, followed by the decline during the last four months of the year, ultimately resulted in a 10% increase in the price of aluminium, with an average price of $2,395 per metric ton (vs. $2,173 in 2010). In practice, the Group mostly buys aluminium discs for which all price components – metal LME price, access bonus and added value – increased considerably in 2011. Nickel also finished the year on a high note, increasing 5% over 2010 with an average price of $22,800 per metric ton ($21,800 in 2010). As for copper, it was driven by an inflationary spiral throughout the year that pushed it up 17% to an average price of $8,800 per metric ton in 2011, versus $7,540 in 2010. The downturn seen in the last months was not enough to disrupt the rising price of metals for the year, which was detrimental to the Group. It should be recalled, nonetheless, that in order to smooth out the effect of these variations, the Group has implemented a hedging policy for some of its metal needs.

As regards plastics, after two years of sharply increasing prices, up to September 2011, the trend slowed down in late 2011. On average, however, the increase in plastics prices stood at 10-25% for the year, depending on the category. As the Group sourced most of its plastic parts pre-formed, the impact of the increase on purchasing was somewhat diluted.

Nevertheless, the average prices paid by the Group in 2011 for purchased materials, components and sub-systems were much higher than in 2010, in spite of the hedging contracts in place. Sourced finished products also became more expensive due to the appreciation of the Chinese yuan and higher salaries in China. The 2011 purchasing index matched the Group's expectations and was 3.5 points higher than the 2010 index.

The Brent price increase in 2011 had only a limited impact on sea transport costs, which are also subject to the laws of supply and demand. Due to the decline in consumer spending in certain mature markets (United States, Europe) and the implementation of additional capacities planned well before 2011, maritime traffic between Asia and these two regions decreased, leading to a drop in prices. As for air and road freight, these forms of transportation were subject to a fuel surcharge (diesel fuel), generally leading to a rise in prices.

First bond issue

In May 2011, the Group carried out its first bond issue, totalling €300 million, with a term of five years (maturing on 3 June 2016) and an annual coupon rate of 4.5%. The issue was largely over-subscribed (€600 million), attesting both to investor confidence and their taste for the inaugural bond offering.

The issue enables Groupe SEB to lengthen the average maturity of its debt and diversify its sources of financing, in addition to its existing lines of credit, while taking advantage of an attractive financing opportunity. The bonds are traded on the Euronext Paris market.

Continued expansion in emerging markets

In 2011, Groupe SEB pursued its strategy of expansion into emerging economies with three major transactions. These acquisitions aimed to strengthen the Group's international infrastructure, especially in markets experiencing rapid growth and with high potential over the medium term.

- After signing an agreement on 17 December 2010 with the Company's founding family, on 28 February 2011 Groupe SEB **acquired Colombia-based Imusa**. This company manufactures and markets cookware made of aluminium, stainless steel and cast aluminium (frying pans, saucepans, stockpots, regional cooking pots known as *calderos*, pressure cookers, etc.) as well as plastic items for the home and kitchen including storage containers, kitchen utensils, thermos flasks, etc. Imusa's 2010 sales amounted to €90 million, with 57% of these sales coming from the Colombian market and 28% from the United States, and the remainder from various markets within Latin America. A leader in the Colombian market with two brands, Imusa and Umco (focusing more on the entry-level segment), the company has two production units, two sales offices (in Colombia and in the US) and employs around 1,000 people. At the time of the acquisition, Imusa had 12 of its own retail outlets, plus two new stores that opened in 2011. Through Imusa, the Group has affirmed its leadership in the small domestic equipment segment within the very dynamic Colombian market. Groupe SEB's Samurai brand was already

number one in Colombia's small domestic appliances segment. Imusa also complements and expands its presence in other Latin American markets (Venezuela, Central America, Ecuador, the Caribbean, etc.) and features a dedicated, specific offering that targets the Hispanic population in the United States.

The integration process was quickly put into motion, making it possible to make major strides in product development, production, logistics, IT systems, financial reporting and human resources in a short timeframe. Starting in September, a broad range of electrical appliances, developed in synergy with the Group, was launched under the Imusa brand name. These products complement the Samurai product offering and positioning. Initial results are very encouraging.

- On 12 May 2011, the Group **acquired a 65% majority stake in Vietnamese company Asia Fan,** a national leader in the fan market. 30% of the company's share capital remains in the possession of the founding family, and 5% belongs to employees. Specialising in the production and sale of fans – the number one small domestic appliance category in South-East Asia – Asia Fan markets its products under the AsiaVina label, a brand well known in Vietnam. The company does business in the booming Vietnamese small domestic equipment market, a segment that has been growing at a rate of 15-20% per year. Its core activity complements the deployment of Supor within Vietnam, with Supor concentrating on cookware and electrical cooking appliances, and helps to open doors to other South-East Asian countries. Collaboration between the local teams and the Group, as with the integration measures, was quick to materialise and has already yielded encouraging results. It is worth noting that in 2010 the company had already recorded sales in the amount of some €11 million and had grown at a rate of over 30% over the past two years. Asia Fan's operations are supported by two plants and 42 of its own retail outlets. Its workforce stands at 700 employees.
- On 16 December 2011, Groupe SEB acquired **a majority stake in Indian company Maharaja Whiteline**, a leading producer of small domestic appliances in India. The acquisition gives the Group a 55% stake in the company, with the remaining shares held by its founder, Harish Kumar and his family. Harish Kumar will continue as Chairman and CEO of the company. Created in 1976, Maharaja Whiteline has its roots in Northern and Western India. It is one of the major players in a still highly fragmented, yet growing market (annual growth rate of 15%), with a portfolio covering several families of small domestic equipment. In particular, Maharaja Whiteline is an established brand name in mixer/grinders, an indispensable kitchen appliance in India. This acquisition gives Groupe SEB a solid foothold in a market in which it has done almost no business up to this point. It will also allow the Group to help speed Maharaja Whiteline's development in India by deploying synergies with the company.

  Backed by a network of 330 distributors, Maharaja Whiteline is present in over 26,000 sales outlets. Its turnover for the 2010/2011 financial year ended 31 March 2011 totalled €21 million, with average annual growth of 25%. The company operates a plant in Baddi, Himachal Pradesh state, in North-western India, and employs around 350 people.
- At the same time; on 13 December 2011, Groupe SEB acquired an additional **20% stake in Supor**, from the Su founding family, at a price of RMB 30 per share. The proposed acquisition had been announced in February 2011 but had to be reviewed by the Chinese Ministry of Commerce (MOFCOM) and the China Securities Regulatory Commission (CSRC). Once approval was obtained, the transaction was finalised for a total amount of €406 million and settled on 13 December 2011. Groupe SEB increased its stake in order to fortify its 2007 strategic investment in Supor and to ensure Supor's medium-to-long-term growth based on a solid, stable shareholding configuration.

Creation of the investment company SEB Alliance

In May 2011, with a view to expanding its innovation strategy to new technologies from outside the Company, the Group created an investment fund – SEB Alliance – with initial capital of €30 million. This structure will target innovative companies with a high technology content in areas such as the ageing of the population, the preservation of health, beauty and well-being, new energies, "connected products" and robotics, digital applications, etc. SEB Alliance made its first investment by acquiring a stake in US-based Key Ingredient, a start-up specialised in the development of digital cooking solutions.

Expansion of Supor's Wuhan site

Begun in May 2010, the expansion of this site specialising in the production of cookware for the domestic Chinese market served to double the manufacturing capacity of the plant with ultra-modern processes and production lines. Once this upgrade is complete, Wuhan will be the largest Asian plant producing kitchen utensils, the goal being to meet rapidly growing Chinese demand with a customised, modern, efficient, optimised production unit. The total investment allocated to this project, since its launch, amounts to 500 million yuan, i.e. around €53 million. The plant employs 1,700 people.

Groupe SEB receives recognition

As in 2010, Groupe SEB received a large number of awards throughout 2011 in a variety of areas:

- the Group's innovation policy was recognised in December 2011 as part of the 32nd edition of the *Trophées de l'Innovation* (Innovation Awards) sponsored by French magazine LSA. Based on the editorial team's selection of the best product innovations, concepts or market plan for the year, the jury named Thierry de La Tour d'Artaise "Industrialist of the Year";
- the *Éthique et Gouvernance* (Ethics and Governance) award created in 2002 by the Paris-based *École des Dirigeants et Créateurs d'Entreprise* (School of Business Managers and Entrepreneurs) recognises, each year, companies taking noteworthy actions in relation to ethics and governance. The jury is made up of individuals from the world of economics and higher education. On 10 February 2011, Groupe SEB received the award in the "Large French Corporation" category for its investment in sustainable development – integrated in the Group's basic processes – for the work done by the Groupe SEB Foundation to promote social integration and for the interest it takes in young talent;
- as in 2010, the DFCG (French national association for CFOs and Management Controllers), in partnership with *Les Echos*, a financial newspaper, once again recognised the Group's Financial department, among 1,500 companies, with a special mention for risk management, productivity and performance control;
- also as in 2010, Groupe SEB won a spot on the podium in the *Grand Prix des Actions 2011* (Grand Prize in Stocks) organised by the magazine *Mieux vivre votre Argent*. It won the bronze medal (after silver in 2010 and bronze in 2009) based on its stock market performance as well as its corporate, social, environmental and shareholding responsibility;
- lastly, the Group received an award at the *Trophées du Droit et de la Finance 2011* (2011 Law and Finance Awards), taking home the golden trophy for best Industrial Patent Registration department in the "Legal Department Management" category. This prize is awarded each year to companies who do the most to advance their legal profession. In this case, the Group was recognised, in particular, for its original organisation, which is both centralised (for patents) and decentralised (for brands and models), its progressive approach to competitive intelligence for patents and prior research, and the remuneration agreement for employee-inventors signed with the labour unions.

4.2. COMMENTARY ON 2011 CONSOLIDATED SALES

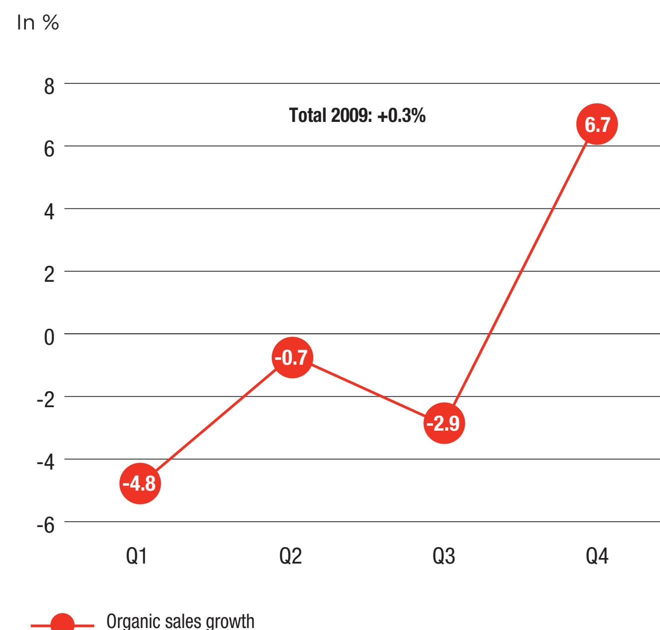
Sales in € millions	2011	2010	Change (based on exact figures, not rounded off) Reported	Like-for-like
France	706	712	-0.8%	-0.8%
Other Western European countries	807	787	+2.6%	+2.7%
North America	410	404	+1.4%	+0.2%
South America	427	346	+23.5%	+8.5%
Asia/Pacific	920	764	+20.4%	+16.7%
Central Europe, Russia and other countries	693	639	+8.5%	+12.2%
TOTAL	**3,963**	**3,652**	**+8.5%**	**+6.9%**

Sales in € millions	4th quarter 2011	4th quarter 2010	Change (based on exact figures, not rounded off) Reported	Like-for-like
France	262	260	+1.0%	+1.0%
Other Western European countries	280	291	-3.7%	-3.6%
North America	139	129	+7.8%	+4.1%
South America	122	106	+14.6%	+4.1%
Asia/Pacific	266	221	+20.4%	+14.1%
Central Europe, Russia and other countries	233	222	+4.9%	+10.7%
TOTAL	**1,302**	**1,229**	**+6.0%**	**+4.6%**

In a macroeconomic climate that declined as the months went on, marked by a series of new concerns, grim economic indicators and the intensification of the European crisis during the second half of the year, demand for small domestic equipment remained more or less on track throughout the financial year. Nevertheless, after strong growth in the early part of the year, the trend slackened, especially in Europe and the United States, starting in the third quarter, although most emerging markets continued to benefit from robust growth in consumer spending. Geographically mixed, the general environment surrounding the Group's business activity was much more competitive and discount-oriented. It should be noted as well that 2011 is being compared against a very strong, demanding historical basis, after the particularly outstanding performance seen in 2010.

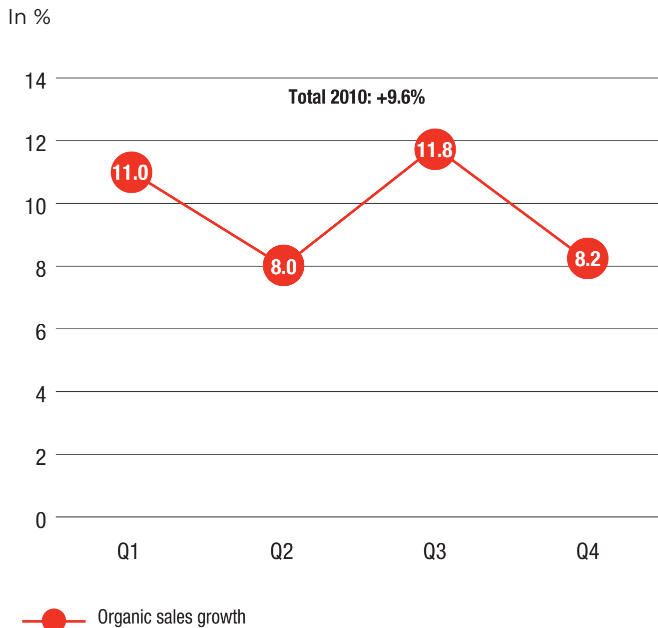
With 2011 sales at €3,963 million, Groupe SEB's total stands at 8.5% as reported and at 6.9% on an organic basis. These figures are broadly in line with its initial expectations. Organic growth comprises a 2% increase in mature markets and a 14% increase in emerging economies. The fourth quarter turned out to be stronger than anticipated: driven by late Christmas sales, it posted growth of 4.6% on a like-for-like basis.

Quarterly curve of 2009 organic growth



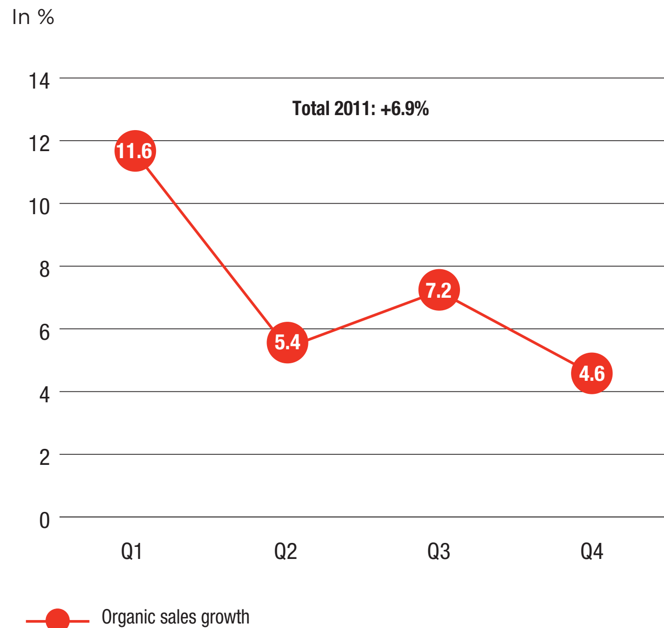
Quarterly curve of 2010 organic growth

In %



Quarterly curve of 2011 organic growth

In %



In addition to organic growth, 2011 entailed certain changes in scope: the consolidation of companies acquired during the year generated additional sales in the amount of €87 million, with Imusa contributing €82 million (since 1 March) and Asia Fan contributing €5 million (the company is newly consolidated with retroactive effect as of 1 June).

The still very volatile currency situation led to a -€26 million negative currency effect on sales for the year, as opposed to the positive effect of +€170 million seen in 2010. This negative impact resulted from the significant depreciation – based on average 2011 exchange rates in relation to 2010 – of several currencies with respect to the euro, particularly the Turkish lira and the US dollar. The sharp fluctuations in exchange rates during the second part of the year led the Group to actively manage its prices from country to country.

Product sales performance

In 2011, the Group launched almost 300 new products and models, some of which have frequently served as engines for the entire range. In addition, the Group capitalised on its flagship products, working to transform them into product categories by examining them in-depth to exploit all possible applications and thereby create a product family.

The performance of the Group's products did not waiver in 2011, and these products continue to enjoy an increasingly large presence worldwide, with products specifically designed for certain markets.

In 2011, strong contributors to Group organic growth included:

- **Electrical cooking** continued to be driven by a strong momentum. This area benefited from further international expansion of Actifry (United Kingdom, Central Europe, Canada, United States, Turkey, Australia, etc.), the steady growth of the rice cookers, electric pressure cookers and induction hobs marketed by Supor in China, renewed interest in breadmakers and an upswing in toasters. Planchas and barbecues performed well at the end of the year, especially in France. Business remained slow, however, for ovens, steam cookers and informal meal appliances;
- **Food preparation** had a good showing thanks, especially, to the relaunching of Moulinex in Europe, which took the form of the creation of a line of food preparation appliances, led by certain "pilot" products such as Fresh Express (which continued to expand internationally) and the Masterchef 5000 food processor. Moulinex's relaunch was supported by an advertising campaign and competitive marketing and sales actions. Meat mincers served as a major growth driver in Russia and Central Europe, their success owing both to a broad range and to new functional features. This general dynamic also included the successful comeback on the yoghurt maker market, with a variety of models offered, some being region-specific, to take local consumer habits into account. This growth stems from the current major trend toward "home-made" food and "healthy eating", which has been driving the global food preparation appliance market for more than two years;
- **Home care** confirmed its vibrancy in 2011 with renewed and robust sales growth based on the continued success of the Silence Force line of vacuum cleaners. These included the Silence Force Extreme and the Air Force upright models, sales of which grew both in Europe and, progressively,

worldwide. This constant progress can be seen in the Group's market share, which strengthened in Europe and Turkey, for example;

- **Home comfort** is in sharp decline as a result of the slump in fan sales related to highly unfavourable weather conditions in South America. This drop is even more marked given that 2010 was a very strong year and, thus, represents a high basis for comparison;
- **Beverage preparation** experienced another year of growth in 2011, driven once again primarily by single-portion coffee, thanks to the continued success of Nespresso and Dolce Gusto. These brands confirmed their growing hold over European markets through the regular launch of new models and continued their international expansion (Brazil, Argentina, Russia, Australia, etc.). The sale of electric kettles benefited from steady demand in "traditional" markets, such as Russia and Japan (where more than two million units were sold), but remained under pressure in many other countries;
- **Linen care** ultimately experienced slight growth, worldwide, in an ironing market that varied greatly from one country to the next (flat in Europe, moderate growth in the Asia/Pacific region, down in the US, strong in South America, etc.). Group sales increased slightly, against the very strong year experienced in 2010, and were driven mainly by steam generators;
- **Cookware** demonstrated mixed performance, but was strong overall worldwide. This was not the case in France, which was hurt by a loyalty programme implemented by a competing retailer. The Group was able to strengthen its market presence and boost its sales by applying its policy of broad coverage of all market segments, from entry-level to high-end, with a targeted brand/retail distribution channel position;
- Growth in **Personal care product** operations was due, as in 2010, to the strong showing by hairstyling appliances (hair dryers, hair straighteners, hair stylers, etc.), with clear progress in certain countries such as Brazil or Korea. It was also a positive year for hair removal products, thanks to the success of new models. Weighing and baby-care equipment, however, continued to decline.

Geographical performance

BREAKDOWN OF 2011 TRADING ACTIVITY BY GEOGRAPHICAL ZONE

In France, the small domestic appliance market showed steady growth during the first half of the year. This trend began to taper over the summer, before declining during the last few months. The trend remained positive throughout the year, however, driven by innovation and by very active product families such as robotic vacuum cleaners, single-portion coffee, kitchen machines, etc. As for the cookware market, it owes its exceptionally robust year (estimated growth of 25%) to a loyalty programme carried out by a competing retailer during the first half of the year. This campaign artificially inflated the market and dealt a heavy blow to Groupe SEB France's sales, as well as its market share during the first half of the year. In general, while demand was largely on track despite a slowdown beginning in September, the situation became more competitive and discount-focused, fuelled by increasingly fierce competition among major retailers. However, despite this tough environment and the specific issues encountered with a major client-retailer, the Group posted 2011 sales that were more or less stable in relation to 2010, demonstrating its flexibility as well as its ability to obtain new product listings and further diversify its client base. While sales of cookware dropped markedly as a result of the operation mentioned above, several flagship products helped to boost the small domestic appliance business in 2011. These include the Silence Force and Air Force vacuum cleaners, the Nespresso and Dolce Gusto coffee makers, the breakfast product lines, barbecues and planchas. Over the Christmas holidays, these star products were joined by the Multidelices yoghurt maker, the new Soup&Co heating blender and the large Moulinex food processors.

In other EU countries the market for small domestic equipment remained on track during the first half of the year but the trend trailed off in the summer with even greater contraction during the fourth quarter. This decline was the result both of the collapse in demand in Greece, Spain, Portugal and, eventually, Italy and of a slowdown in consumer spending in Northern Europe caused by spillover effect. In this increasingly volatile environment, competition and the pressure to offer discounts became more and more intense in all markets. Despite a significant drop over the last three months, the Group's sales were up for the year, benefiting from the growth experienced in the first half of the year and the significant contribution made by the relaunch of Moulinex, which provided €35 million in additional sales. Regionally, business varied greatly in Europe: in markets facing major crises, the Group saw its sales drop off severely in Spain and Greece, while, thanks to the reintroduction of the Moulinex brand, the situation of the Portuguese subsidiary remained positive during the first half of the year, but later deteriorated. Business in Italy flourished until the summer, but then suffered a sharp change of direction in the third quarter. It continued to decline in the fourth quarter. Northern European countries, however, ended the year with steady or even strong growth in sales, despite a certain slowdown over the final months. This was the case, for instance, in Germany, Austria, Scandinavia and Belgium, thanks to the vitality of products such as Actifry, Nespresso and Dolce Gusto coffee makers, the Silence Force vacuum cleaner line and Fresh Express. In the United Kingdom, the Group posted strong, high-quality sales growth throughout the year. It should be noted that, on the whole and in a volatile economic environment, Groupe SEB was able to preserve its market share in Western Europe.

In North America, 2011 was marked by two contrasting macroeconomic environments, with the situation being rather favourable in Mexico and Canada, and somewhat grim in the United States, where demand largely remained flat, despite a spike in consumer spending at the end of the year, spurred by a very brisk Black Friday. In general, the US small domestic equipment market was lacklustre, with a strong focus on price. Groupe SEB ended the year with slight organic growth in sales, after a year of fluctuations depending on the quarter, product family and brands. After three difficult years, Krups demonstrated outstanding performance in 2011 thanks to various coffee-related successes, while Rowenta defended its position in a declining ironing market. The Group also made progress in the area of electrical appliances (launch of Actifry, grills, slow cookers, etc.). In cookware, business stalled after a number of years of uninterrupted steady growth, yet there was some growth in sales, helped along by a clear jump in All-Clad sales during the last quarter. In addition to this slight organic growth, Imusa USA (consolidated for ten months) had a strong showing in 2011. The Group also confirmed the vitality of its sales and market share gains in Canada, both in cookware and in small domestic appliances, where it benefited from numerous commercial successes in ironing and the confirmed success of Actifry. In Mexico, the Group's operations performed solidly in 2011. However, sales were affected for a long time by the non-recurrence of a loyalty programme with a retailer. This programme was not relaunched until October, thereby boosting fourth quarter performance and bolstering market share.

In South America, the general situation was a mix between Brazil, where the economic context weakened as the year progressed with a sudden downturn in December, and the other countries, with the exception of Argentina, where the market was thriving. In Brazil, the booming economy at the beginning of the year gradually tapered off, but remained quite satisfactory. The fourth quarter, however, brought a heightened slowdown in consumer spending together with weather conditions that were unfavourable for fan sales. The Group's business was affected by these factors – 2010 representing a high historical basis for comparison – but the performance of Dolce Gusto, Actifry, personal care products, Fresh Express, washing machines and cookware offset the loss of earnings from fans. At the same time, upgrades to the Group's retail outlets opened in 2010 had a positive impact on business. In Colombia, amidst highly favourable consumer spending levels, the sharp rise in sales owed itself to the expansion of the product offering and the performance of the Group's retail outlets. Furthermore, the Group's acquisition of Imusa in February allowed it to strengthen its position in cookware and gave it the ability to further leverage the complementarity between the Samurai, Tefal, Imusa, and Rowenta brands (Rowenta was recently introduced as a line of personal care products). In the other South American countries where the Group enjoys a presence, business was encouraging on the whole.

In the Asia/Pacific region, the Group experienced growth across the board. In China, the economic climate remained buoyant, yet more volatile than previously. After a very strong start in the first quarter (organic growth of 38%), Supor's operations "stabilised," growing by 26% for the year and 20% over the last quarter. This growth is connected to strong product performance that revolves around rapid rotation of the product mix, the launching of innovative concepts – such as ultra-thin induction hobs or induction pressure cookers and rice cookers – and the introduction of new categories (thermos items, kitchen utensils, etc.). It is also the result of continuous new product listings obtained with major international retailers and specialised outlets, as well as the continuing deployment of Supor Lifestores. The double impact of the Chinese New Year on 2011 sales is also worth noting, with procurement specifically targeting this event during both the first quarter (for 2011) and the fourth quarter (for 2012). In Japan, the macroeconomic situation improved as the months went on, with reconstruction generating business and confidence, together with a resumption of consumer spending. The Group was able to take advantage of this renewed enthusiasm, and while sales held steady during the first half of the year, they made progress during the second half, characterised by steady growth in cookware and electric kettles and rapid growth in food preparation. In Korea, sales growth was strong and market share increased, primarily as a result of the creation of two new growth drivers for the Group: food preparation (Tefal) and personal care products (Rowenta). Lastly, after two very difficult years, 2011 marked a return to growth for Australia, as a result of factors including the expansion of the range of products and by the success of Actifry, Fresh Express, the Air Force vacuum cleaner, irons and steam generators.

In Central Europe, Russia and other countries (Turkey, the Middle East, Africa, etc.), markets were, for the most part, buoyant in 2011, yet with heightened focus on pricing. Despite significant depreciation of various currencies with respect to the euro and the price increases applied by the Group to compensate for currency fluctuations, sales experienced robust organic growth in the region and market share was strengthened, in general. In Russia, 2011 was characterised by solid consumer spending, by a generally healthy retail distribution situation and by fierce competition in the area of small domestic equipment. However, the Group's operations experienced sharp growth, which strengthened as the year went on, reflecting this brisk demand and the success of flagship products such as meat mincers, irons, cookware, Nespresso and Dolce Gusto coffee makers, the MultiDelices yoghurt maker and hairstyling appliances, etc. All of these products were supported by substantial advertising and marketing operations. In the Ukraine, the strong momentum seen at the beginning of the year held, thanks to a variety of flagship products and by vigorous and highly encouraging growth in cookware. Conversely, the strong driving force behind Central European sales during the first seven to eight months of the year noticeably slackened from September as a result of business disruptions caused by currency depreciations and a more-demanding historical basis for comparison in the fourth quarter. In Turkey, demand remained strong and the cookware and small domestic appliance markets posted very robust growth. Groupe SEB played a large part in this growth through various flagship products that drove the entire range of products: Actifry, which has moved away from its original purposes as a "minimal-oil fryer" and widely acclaimed for its versatility, Fresh Express, the Air Force vacuum cleaner, pressure cookers and the Yogurtcum yoghurt maker, designed for the Turkish market. As for the other export markets of the Group, these posted excellent business results, up significantly from 2010.

4.3. COMMENTARY ON THE CONSOLIDATED RESULTS

Income statement

At €453 million, Groupe SEB's 2011 **operating result from activity** (formerly referred to as operating margin) was up 3.5% compared with 2010, a year that had set the bar high at €438 million, up 23% over 2009. This figure represents 11.4% of sales (12% in 2010 and 11.2% on 2009). This drop, which was largely anticipated, is mainly due to the geographical mix of sales; operating margin from activity, as a percentage of sales, is lower in emerging markets than in mature markets. Thus, the fact that the emerging markets represent an increasingly greater share of the consolidated sales dilutes the operating margin across the Group.

However, operating result from activity is increasing in terms of value. This positive change is linked to a set of factors, whose mixed effects were ultimately positive:

- sustained consumer spending levels, in general, despite the crisis confirmed in certain countries and the slowdown observed in certain regions from the summer, as well as gains in market share, resulted in an increase in volumes sold, supported by strong industrial production levels and satisfactory absorption of costs. The trend was not, however, as marked as in 2010 (effect of over €150 million), which benefited from a very sharp upswing in industrial activity after 2009's worldwide economic crisis. The impact of volume on the 2011 operating result from activity amounts to +€76 million;
- the impact of the price mix amounts to a negative -€32 million, with a certain stabilisation apparent after the negative impact of -€27 million during the first half of the year. The causes of this decrease include a proliferation of promotional operations and price adjustments in certain markets, which also cancelled out the effect of the targeted price increases applied. It also reflects the dilutive effect that the strong sales dynamic in emerging economies had on the mix;
- a €59 million increase in purchasing costs in relation to 2010, due to higher costs of raw materials (metals and plastics) and sourced products. This anticipated increase could not be offset by a positive currency effect of €26 million, which includes the positive impact that the 2011 dollar/euro exchange rate – on average below that of 2010 – had on procurement;
- the slight increase in intervention costs was due mainly to greater investments in innovation (€130 million, including strategic marketing and R&D) and commercial resources (including the development of the Group's own retail brand outlets). Such investments are crucial to supporting its product dynamic and continuously improving product exposure on store shelves and marketing within stores. Overheads were contained and benefited from continuous progress in after-sales service and further reductions in warehousing costs (on a like-for-like basis). After 2010, which was marked by massive spending on advertising (€143 million versus €95 million in 2009) in a buoyant and receptive market situation, the more complicated economic climate of 2011 led the Group to reduce its commitments in this area. Thus, although advertising spending remained high during the first half of the year in order to support the relaunch of Moulinex, it fell, especially in the fourth quarter. Moreover, this quarter is compared against the fourth quarter of 2010, an extremely active period in terms of advertising. In the end, the Group allocated €128 million to its advertising budget in 2011, representing 3.2% of sales.

In addition, operating result from activity benefited from a change in scope and from a €5 million contribution from the newly acquired companies, Imusa, consolidated since 1 March, and Asia Fan, consolidated since 1 June.

Operating profit climbed from €349 million in 2010 (9.6% of sales) to €400 million in 2011 (10.1% of sales). This increase – almost 15% – greatly exceeds the growth seen in operating result from activity. This was due, in part, to lower bonus and profit-sharing payments than in 2010 (€44 million in 2011 versus €50 million in 2010), resulting from the fact that the exceptional performance witnessed in France in 2010 did not repeat itself. It is also related to a much lower liability for "other income and expenses" than in 2010, i.e. -€9 million versus -€38.5 million. This amount includes:

- provisions for restructuring costs limited to €6 million (€15 million in 2010) and comprising several small-scale transactions;
- impairment losses that were also lower (€13 million in 2011 vs. €18 million in 2010), representing restatements concerning plants and, given the uncertainties in 2012, additional impairment of All-Clad's goodwill (in the amount of €7 million), as All-Clad's recovery may prove precarious in such a challenging economic climate;
- other items including a capital gain on the sale of land in Brazil representing €14 million. This sale had been in the pipeline for a long time, but was finalised at the beginning of the year, under favourable conditions including real estate appreciation and the strengthening of the Brazilian real.

Net financial expense amounted to -€27 million, compared with -€16 million in 2010. This increase, essentially the result of greater interest expenses, is based on two factors. The first of these factors is the increase in average debt – although this figure remains at moderate levels (going from €195 million

in 2010 to €261 million in 2011) – since the effect of the acquisitions at the beginning of the year (Imusa and Asia Fan) is limited and the acquisition of an additional 20% stake in Supor, which carries a much larger impact, occurred towards the end of December, without any major effect on the average debt level for the year. Second, the risk in net financial expense is related to the average interest rate, which went up. Excluding the negative impact of Supor's cash flow and considering the low-return investment of the proceedings from the bond issue in May for several months, the Group's nominal interest rate increased from 4.6% to 6.4%. The interest rate calculated on the gross debt increased less sharply (from 2.9% to 4%), reflecting mainly the increase in long-term financing as a share of this debt.

At €235 million, **net profit Group share** increased by almost 4.5% in relation to 2010 (€220 million). This is calculated after taxes of €112 million, representing a rate of 30%, somewhat higher than the rate of 26.9% in 2010. This increase is due to increased corporation tax in France (36.1% versus 34.4% in 2010) and to a gradual decrease from year to year of the favourable impact of foreign taxes. It also includes minority shareholder interests for Supor, which amounts to €26 million to be deducted (€23 million in 2010).

Balance sheet

Consolidated equity amounted to €1,362 million at 31 December 2011 (compared with €1,571 million at 31 December 2010), including a contribution of Supor's minority shareholder interests for €123 million, versus €173 million one year earlier. This change is the result of various factors, including:

- exchange differences in the amount of €40 million, resulting mainly, at the end of the year, from the rallying of the dollar and yuan in relation to the euro – while other currencies tended to weaken – and the impact on the valuation of the share in the net position of subsidiaries in the countries concerned;
- the total profit for the year, amounting to €261 million, less the dividends paid in 2011 for the year 2010, i.e. €67 million (€56 million for 2009);
- the negative impact of the acquisition of the additional 20% stake in Supor on equity, since, based on the new accounting standard for transactions with minority shareholders, the entire purchase price is now directly deducted from equity.

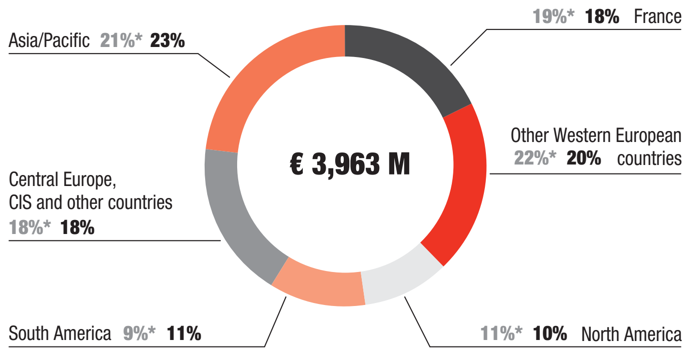
This additional equity is understood to be net of SEB treasury stock, which increased in 2011 following buybacks on the open market under market conditions considered to be favourable to such transactions. At the end of 2011, SEB S.A. had 2,331,797 treasury shares, versus 1,980,698 shares the previous year.

Furthermore, **net debt** as at 31 December 2011 amounted to €673 million versus €131 million at year end 2010. This significant increase is essentially the result of the debt financing used to make various acquisitions during 2011: Colombian company Imusa in February, Asia Fan in Vietnam in May, Maharaja Whiteline in India in December, and the acquisition of the additional 20% stake in Chinese company Supor, purchased from the Su founding family, on top of the 51.3% stake already owned. This last transaction was the largest in terms of the amount (€406 million), and it therefore had the greatest impact on debt at year end. In addition, working capital requirements reached €1,014 million (25.6% of sales) at the end of 2011, noticeably higher than at year end 2010, when this figure stood at €875 million (24% of sales). This fluctuation is the result of increased inventory and receivables in a highly competitive market situation, especially during the latter part of the year. Furthermore, cash outflows linked to restructuring operations amounted to €18 million (€30 million in 2010) and treasury stock purchases cost a total of €34 million (compared to the sale of such stock, i.e. cash inflows, in the amount of €33 million in 2010).

Based on a net debt of €673 million, the debt ratio was equal to 49% at 31 December 2011 (8% at year-end 2010) and the net debt/EBITDA ratio went from 0.29 at year-end 2010 to 1.33 at 31 December 2011. After the acquisitions made in 2011, the Group's financial position remains healthy and leaves significant room to manoeuvre in terms of financing. Nevertheless, in 2012 the Group will strive to generate cash levels that will allow it, excluding any other external growth operations it may undertake, to reduce its debt, as it has done consistently in the past.

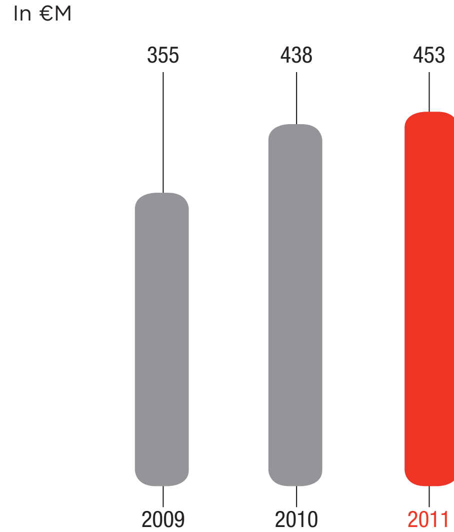
2011 **investments** totalled €131 million, down in relation to 2010, a year when the Group made substantial investments in China (increased capacity at the Wuhan site and upgrades at the Shaoxing site). In general, investment was principally in tangible assets (approx. 80%) and almost equally divided between moulds and tools for new products on one hand and production equipment (installation of new assembly lines, injection presses, etc.) and/or the renovation of buildings on the other. The remaining 20% covered mostly capitalised development costs and production-related computer software linked to the production and development of the Group's own retail brand outlets.

Geographical breakdown of 2011 sales

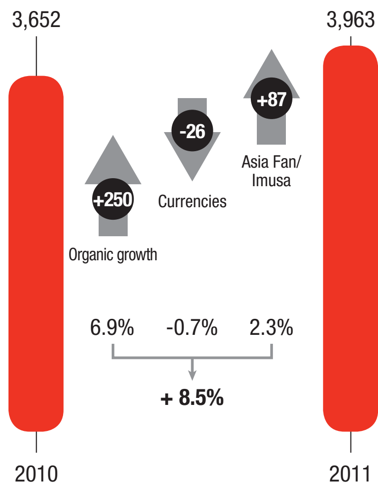


*2010 figures

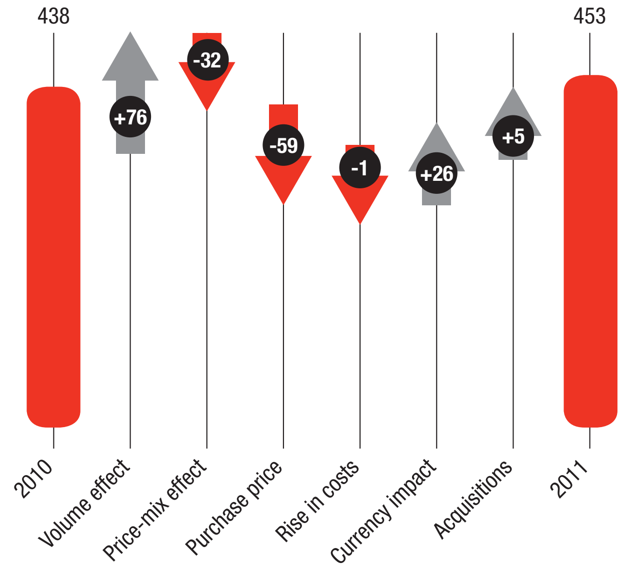
Change in operating result from activity



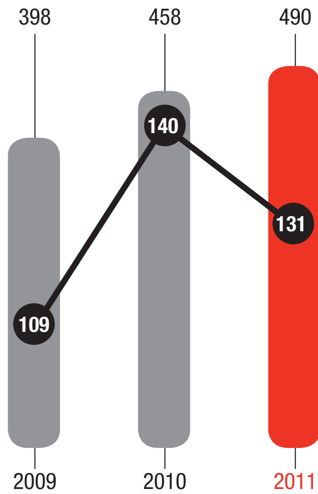
2011/2010 sales growth



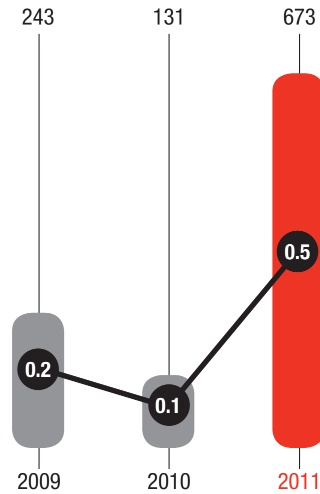
Breakdown of operating result from activity



Cash flow and investment



Net debt and debt ratio



4.4. OUTLOOK

In a promising economic context, marked by recovery or strong market performance, Groupe SEB performed exceptionally well. Despite such a demanding basis for comparison and a certain decline in the economic situation from the third quarter, the Group was able to demonstrate strong sales growth in 2011 and improved performance at all levels. 2011 was also a very dynamic year, with the following events of note:

- the successful relaunch of the Moulinex brand in Europe;
- the continued strengthening of the Group's presence in emerging, rapidly-growing economies through acquisitions and takeovers in Colombia, Vietnam and India;
- the acquisition of an additional 20% stake in Supor;
- the official launch of the innovation policy with the founding of investment company SEB Alliance;
- diversification of the Group's funding mechanisms with the launch of its first bond issue, etc.

After two strong years in 2010 and 2011, 2012 began amidst an uncertain economic climate and major challenges at the international level. The macroeconomic context remains volatile and mixed, and visibility is very limited with regard to consumer spending in Europe, the price of raw materials, exchange rates, etc. Against this backdrop, Groupe SEB's priority will be to manage this year of uncertainty very tightly and with determination drawing on the strength of its business model and maintaining its long-term vision.

In 2012, the Group's objectives include to continue generating organic growth in sales, led by demand that is expected to remain solid in emerging economies but may be generally weak in mature markets. It will defend or even reinforce its market share by constantly expanding its offering and gaining new product listings with retailers, backed by its product dynamic and the success of forthcoming launches. It will also pursue its strategy of actively managing prices and strictly controlling costs. Together, these initiatives should enable the Group's operating result from activity to hold up well.

Lastly, it will strive to improve its working capital requirement and generate more cash in 2012.

4.5. FINANCIAL REVIEW OF SEB S.A.

SEB S.A., the parent company of Groupe SEB, is a holding company whose activities are largely confined to overseeing the manufacturing and sales activities carried out by its subsidiaries.

As a result, SEB S.A.'s earnings only partly reflect the performance of the Group and year-on-year changes in the Group's performance are not visible at the level of the Company's results until the following year, because its revenues consist essentially of dividends received from subsidiaries.

The main items reflected in the Company's accounts are as follows:

- income:
  - dividends from subsidiaries, in the amount of €141.0 million (€73.3 million in 2010);
- expenses:
  - fees for services provided by SEB Développement, a subsidiary of SEB S.A., in the amount of €3.2 million (€3.0 million in 2010).

Since 1 January 2005, SEB Développement has taken over the market prospecting, international sales promotion and development, administrative, financial, research, innovation and industrial property services previously supplied by the Company to subsidiaries.

The Company ended the year with a profit of €77.8 million for the period (€45.7 million in 2010).

Significant events of the year

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 carried out its first bond issue, in an amount of €300 million, for a term of five years and a maturity date of 3 June 2016. The annual coupon rate will be 4.5% per year. Top investors in these bonds included BNP Paribas, Crédit Agricole CIB, Natixis and Société Générale. The bonds are traded on the Euronext Paris market.

CREATION OF THE INVESTMENT COMPANY SEB ALLIANCE

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. SEB Alliance made its first investment in the area of digital cooking solutions and "connected products" by acquiring a majority stake (60%) in US-based Key Ingredient.

ADDITIONAL IMPAIRMENT OF GROUPE SEB MOULINEX SHARES

The Company recognised further impairment of the Groupe SEB Moulinex shares in the amount of €26 million. At 31 December 2011, provisions for impairment of the shares of this subsidiary stood at €50 million.

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5.1. FINANCIAL SUMMARY

(in € millions)	2011	2010	2009	2008	2007 [i]	2006 [i]	2005 IFRS [c] [i]	2004 IFRS [b]	2004 [b]	2003	2002 [a]
RESULTS											
Sales in France	705	712	685	668	640	595	591	624	636	660	660
Sales outside France	3,258	2,940	2,491	2,562	2,230	2,057	1,872	1,665	1,703	1,688	1,836
Total sales	3,963	3,652	3,176	3,230	2,870	2,652	2,463	2,289	2,339	2,348	2,496
Operating result from activity (formerly "Operating margin")	453	438	355	342	301	262	262	261	248	234	217
Operating profit	400	349	248	279	237	153	183	187	175	196	143
Profit attributable to owners of the parent	235	220	146	152	145	87	102	131	123	148	118
Depreciation, amortisation and impairment losses	114	117	124	110	88	97	114	85	91	86	95
Employee benefits expense [d]	664	627	549	563	540	534	516	499	506	514	536
Discretionary and non-discretionary profit sharing and matching contributions to employee savings plans	44	50	33	38	33	26	29	34	34	36	51
EBITDA [e]	515	468	372	388	329	247	291	270	259	278	230
Adjusted EBITDA [h]	510	488	416	394	351	324	323	310	296	279	252
BALANCE SHEET (AT 31 DECEMBER)											
Equity attributable to owners of the parent	1,299	1,512	1,169	992	814	770	757	644	642	557	471
Net debt	673	131	243	649	658	422	423	331	331	189	327
Non-current assets	1,453	1,249	1,163	1,184	1,060	766	773	679	624	476	481
Capital expenditure	131	140	109	116	92	85	99	99	87	99	85
Inventories	702	635	466	615	528	517	450	386	387	359	415
Trade receivables	828	733	627	646	627	646	630	552	552	544	580
Number of employees at 31 December	24,927	23,058	20,663	18,879	13,048	13,741	14,396	14,500	14,500	14,690	15,780
PER SHARE DATA *(in €)* [j]											
Total number of shares outstanding *(in thousands)*	49,952	49,952	49,952	50,912	50,881	51,057	50,940	51,228	51,228	46,347	46,317
Weighted average number of shares, excluding treasury stock *(in thousands)*	47,886	47,414	46,477	47,326	48,620	48,610	48,888	48,468	48,468	48,369	48,306
Adjusted diluted earnings per share [g]	4.78	4.55	3.13	3.18	2.92	1.78	2.07	2.67	2.52	3.02	2.42
Dividend per share [g]	1.25	1.17	1.04	0.94	0.93	0.85	0.80	0.80	0.80	0.76	0.65
Dividend yield per share *(in %)* [f] [g]	2.15	1.51	2.62	4.38	2.26	2.37	2.61	3.04	3.04	2.52	2.56
Share price: High [g]	82.15	82.78	40.53	44.00	48.15	38.07	30.88	35.73	35.73	32.12	29.11
Low [g]	52.0	39.15	16.44	19.71	35.33	26.70	26.10	24.45	24.45	20.92	18.48
Share price at 31 December	58.12	77.73	39.70	21.46	41.33	35.87	30.67	26.30	26.30	30.00	25.64
Stock market capitalisation *(in € millions)*	2,903.2	3,882.8	1,983	1,093	2,103	1,831	1,562	1,347	1,347	1,529	1,306
Average daily trading volume *(number of shares)*	143,151	107,282	88,830	117,527	127,638	75,681	63,243	87,183	87,183	85,608	74,664

(a) Including the new Moulinex subsidiaries since 1 January 2002.
(b) Including All-Clad since 28 July 2004.
(c) Including Lagostina since 1 May 2005 and Panex since 1 June 2005.
(d) Excluding discretionary and non-discretionary profit sharing and matching contributions to employee savings plans but including temporary staff costs. Since the Group's transition to IFRS in 2004, the reported amounts have also included the service cost of pension and other post-employment benefits.
(e) Earnings before interest, taxes, depreciation and amortisation (including impairment of goodwill and trademarks, and depreciation and amortisation expense reported under "Other operating income and expense").
(f) Dividend for the year expressed as a percentage of the closing share price at the year-end.
(g) Adjusted for the March 2004 one-for-ten bonus share issue.
(h) Earnings before interests and taxes.
(i) The balance sheet and income statements for 2005, 2006 and 2007 were adjusted in subsequent years. The adjustments were not material.
(j) Adjusted for the three-for-one stock-split.

5.2. CONSOLIDATED RATIOS

(in %)	2011	2010	2009	2008	2007	2006 [d]	2005 [c]	2004 IFRS [b]	2004	2003	2002 [a]	2001
PROFITABILITY RATIOS												
Return on equity before appropriation of previous year's profit	14.93	18.06	15.69	18.85	17.71	10.88	14.83	21.90	20.60	29.33	23.66	15.79
Net margin	5.92	6.04	4.59	4.69	5.04	3.28	4.13	5.72	5.26	6.33	4.71	3.99
FINANCIAL RATIOS												
Net debt/equity ratio	49.41	8.34	22.52	71.64	76.12	51.70	52.85	48.14	48.28	31.64	64.65	81.43
Net finance costs/Revenue	0.69	0.44	0.86	1.50	1.21	1.15	1.02	0.54	0.33	0.33	0.37	1.11
Net debt/Adjusted EBITDA	1.32	0.27	0.59	1.65	1.87	1.30	1.31	1.07	1.11	0.68	1.30	1.83
INVESTMENT RATIOS [e]												
Investments/Revenue	3.55	3.86	3.44	3.60	3.20	3.21	4.03	4.33	3.71	4.20	3.40	4.37

(a) Including the new Moulinex subsidiaries.
(b) Including All-Clad since 28 July 2004.
(c) Including Lagostina since 1 May 2005 and Panex since 1 June 2005.
(d) Including Mirro WearEver since 16 August 2006.
(e) Excluding purchases of property, plant and equipment and software.

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5.3. FINANCIAL STATEMENTS

Consolidated income statement

Years ended 31 December

(in € millions)	2011	2010	2009
Revenue (Note 3)	3,963.3	3,651.8	3,176.3
Operating expenses (Note 4)	(3,510.0)	(3,213.9)	(2,820.9)
OPERATING RESULT FROM ACTIVITY [(a)]	**453.3**	**437.9**	**355.4**
Statutory and discretionary employee profit-sharing (Note 5)	(43.9)	(50.4)	(33.5)
RECURRING OPERATING PROFIT	**409.4**	**387.6**	**321.9**
Other operating income and expense (Note 6)	(8.9)	(38.5)	(73.8)
OPERATING PROFIT	**400.5**	**349.0**	**248.1**
Finance costs (Note 7)	(19.1)	(12.0)	(22.6)
Other financial income and expense (Note 7)	(8.1)	(3.9)	(4.6)
Share of profits (losses) of associates	0.0	0.0	0.0
PROFIT BEFORE TAX	**373.3**	**333.1**	**220.9**
Income tax expense (Note 8)	(112.4)	(89.5)	(58.1)
PROFIT FOR THE PERIOD	**260.9**	**243.6**	**162.8**
Non-controlling interests (Note 20)	(26.4)	(23.2)	(16.8)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**234.6**	**220.4**	**146.0**
EARNINGS PER SHARE *(in €)*			
Basic earnings per share (Note 9)	4.90	4.65	3.14
Diluted earnings per share (Note 9)	4.78	4.55	3.13

(a) Formerly called "Operating margin".

The accompanying Notes 1 to 32 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(in € millions)	2011	2010	2009
Profit for the period	260.9	243.6	162.8
Exchange differences on translating foreign operations	39.4	111.6	8.2
Gains (losses) on cash flow hedges	(8.5)	7.6	41.7
Other comprehensive income	30.9	119.2	49.9
COMPREHENSIVE INCOME	**291.8**	**362.8**	**212.7**
Non-controlling interests	(41.4)	(39.0)	(12.0)
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**250.4**	**323.8**	**200.7**

Consolidated balance sheet

At 31 December

ASSETS *(in € millions)*	2011	2010	2009
Goodwill (Note 10)	464.5	409.1	386.6
Other intangible assets (Note 10)	445.7	398.7	372.2
Property, plant and equipment (Note 11)	475.5	426.5	391.4
Investments in associates (Note 13)			
Other investments (Note 13)	57.4	0.6	0.5
Other non-current financial assets (Note 13)	9.5	7.9	7.2
Deferred tax assets (Note 8)	38.2	40.2	38.1
Other non-current assets (Note 17)	7.7	4.2	5.0
Long-term derivative instruments (Note 25)	0.3	2.5	0.0
NON-CURRENT ASSETS	**1,498.7**	**1,289.7**	**1,201.0**
Inventories (Note 15)	702.2	635.5	466.3
Trade receivables (Note 16)	828.4	733.9	627.1
Other receivables (Note 17)	71.6	59.4	48.1
Current tax assets	57.6	26.8	15.1
Short-term derivative instruments (Note 25)	7.8	14.1	5.2
Cash and cash equivalents (Note 18)	196.0	236.6	307.8
CURRENT ASSETS	**1,863.5**	**1,706.3**	**1,469.6**
TOTAL ASSETS	**3,362.2**	**2,996.0**	**2,670.6**

EQUITY AND LIABILITIES *(in € millions)*	2011	2010	2009
Share capital (Note 19)	50.0	50.0	50.0
Reserves and retained earnings (Note 19)	1,281.7	1,409.9	1,140.1
Treasury stock (Note 19)	(93.3)	(61.7)	(108.8)
Equity attributable to owners of the parent	**1,238.4**	**1,398.2**	**1,081.3**
NON-CONTROLLING INTERESTS (NOTE 20)	**123.4**	**173.1**	**138.8**
Equity	**1,361.8**	**1,571.3**	**1,220.1**
Deferred tax liabilities (Note 8)	79.0	54.9	55.3
Long-term provisions (Note 21)	127.6	120.0	111.3
Long-term borrowings (Note 24)	534.1	201.8	301.1
Other non-current liabilities (Note 23)	26.8	23.7	23.7
Long-term derivative instruments (Note 25)	1.5	0.3	2.7
NON-CURRENT LIABILITIES	**769.1**	**400.7**	**494.1**
Short-term provisions (Note 21)	62.1	78.3	86.9
Trade payables (Note 23)	515.6	494.4	398.0
Other current liabilities (Note 23)	238.7	250.8	195.7
Current tax liabilities	66.7	24.6	18.0
Short-term derivative instruments (Note 25)	16.1	5.8	11.1
Short-term borrowings (Note 24)	332.1	170.1	246.7
CURRENT LIABILITIES	**1,231.3**	**1,024.0**	**956.4**
TOTAL EQUITY AND LIABILITIES	**3,362.2**	**2,996.0**	**2,670.6**

The accompanying Notes 1 to 32 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

Years ended 31 December

(in € millions)	2011	2010	2009
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**234.6**	**220.4**	**146.0**
Depreciation, amortisation and impairment losses (Notes 10 and 11)	113.0	117.6	123.6
Change in provisions (Note 21)	(14.4)	(4.2)	17.6
Unrealised gains and losses on financial instruments (Note 25)	7.5	(8.4)	7.1
Income and expenses related to stock options (Note 19.2)	5.0	6.2	6.0
Gains and losses on disposals of assets	(14.0)	1.8	0.4
Other	0.1		0.1
Non-controlling interests (Note 20)	26.4	23.2	16.8
Current and deferred taxes (Note 8)	112.4	89.4	58.1
Finance costs, net (Note 7)	20.1	12.0	22.6
CASH FLOW [(a)]	**490.4**	**458.0**	**398.3**
Change in inventories (Note 15)	(41.9)	(138.6)	155.9
Change in trade receivables (Note 16)	(83.1)	(67.4)	31.3
Change in trade payables (Note 23)	9.6	82.1	28.1
Change in other receivables and payables (Notes 17 and 23)	(23.4)	35.0	24.8
Income taxes paid	(89.7)	(100.9)	(58.3)
Interest paid, net	(20.1)	(12)	(22.5)
NET CASH FROM OPERATING ACTIVITIES	**241.8**	**256.1**	**557.6**
Proceeds from disposals of assets (Note 11)	21.7	20.9	6.5
Purchases of property, plant and equipment (Note 11)	(111.9)	(120.6)	(92.2)
Purchases of software and other intangible assets (Note 10)	(18.6)	(20.2)	(17.0)
Purchases of financial assets (Note 13)	(1.0)	0.3	0.4
Acquisitions of subsidiaries, net of the cash acquired (Note 2)	(103.1)		0.0
Effect of other changes in scope of consolidation (Note 2)			0.1
NET CASH USED BY INVESTING ACTIVITIES	**(212.9)**	**(119.6)**	**(102.2)**
Change in long-term borrowings (Note 24)	332.2	(99.3)	87.6
Change in short-term borrowings (Note 24)	101.3	(80.1)	(419.4)
Transactions between owners (Note 20)	(407.9)		0.7
Change in treasury stock (Note 19.4)	(34.4)	33.4	8.8
Dividends paid, including to non-controlling shareholders	(66.8)	(55.9)	(50.2)
NET CASH USED BY FINANCING ACTIVITIES	**(75.7)**	**(201.9)**	**(372.5)**
Effect of changes in foreign exchange rates	6.1	(5.8)	0.3
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(40.7)**	**(71.2)**	**83.2**
Cash and cash equivalents at beginning of period (Note 18)	236.6	307.8	224.6
Cash and cash equivalents at end of period (Note 18)	196.0	236.6	307.8

(a) Before interest paid, net and income taxes paid.

Consolidated statement of changes in equity

(in € millions)	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Treasury stock	Equity attributable to owners of the parent	Non-controlling interests	Equity
AT 31 DECEMBER 2008	**50.9**	**107.9**	**872.3**	**25.5**	**(150.7)**	**905.9**	**131.6**	**1,037.5**
Profit for the period			145.9			145.9	16.9	162.8
Other comprehensive income			41.7	13.0		54.7	(4.8)	49.9
Comprehensive income	*0.0*	*0.0*	*187.6*	*13.0*	*0.0*	*200.6*	*12.1*	*212.7*
Dividends paid			(45.4)			(45.4)	(4.8)	(50.2)
Issue of share capital		0.7				0.7		0.7
Reduction of share capital						0.0		0.0
Changes in treasury stock	(0.9)	(29.7)			41.9	11.3		11.3
Gains (losses) on sales of treasury stock, after tax			(2.5)			(2.5)		(2.5)
Exercise of stock options			6.0			6.0		6.0
Other movements			4.7			4.7	(0.1)	4.6
AT 31 DECEMBER 2009 (NOTE 19)	**50.0**	**78.9**	**1,022.7**	**38.5**	**(108.8)**	**1,081.3**	**138.8**	**1,220.1**
Profit for the period			220.4			220.4	23.2	243.6
Other comprehensive income			7.6	95.8		103.4	15.8	119.2
Comprehensive income	*0.0*	*0.0*	*228.0*	*95.8*	*0.0*	*323.8*	*39.0*	*362.8*
Dividends paid			(51.2)			(51.2)	(4.7)	(55.9)
Issue of share capital						0.0		0.0
Reduction of share capital						0.0		0.0
Changes in treasury stock					47.1	47.1		47.1
Gains (losses) on sales of treasury stock, after tax			(9.0)			(9.0)		(9.0)
Exercise of stock options			6.2			6.2		6.2
Other movements			(1.4)	1.4		0.0		0.0
AT 31 DECEMBER 2010 (NOTE 19)	**50.0**	**78.9**	**1,195.3**	**135.7**	**(61.7)**	**1,398.2**	**173.1**	**1,571.3**
Profit for the period			234.5			234.5	26.4	260.9
Other comprehensive income			(8.5)	24.4		15.9	15.0	30.9
Comprehensive income	*0.0*	*0.0*	*226.0*	*24.4*	*0.0*	*250.4*	*41.4*	*291.8*
Dividends paid			(58.4)			(58.4)	(8.4)	(66.8)
Issue of share capital						0.0		0.0
Reduction of share capital						0.0		0.0
Changes in treasury stock					(31.6)	(31.6)		(31.6)
Gains (losses) on sales of treasury stock, after tax			(1.9)			(1.9)		(1.9)
Exercise of stock options			5.0			5.0		5.0
Other movements [(a)]			(348.5)	25.2		(323.3)	(82.7)	(406.0)
AT 31 DECEMBER 2011 (NOTE 19)	**50.0**	**78.9**	**1,017.5**	**185.3**	**(93.3)**	**1,238.4**	**123.4**	**1,361.8**
2011 recommended dividend			**(62.4)**			**(62.4)**		**(62.4)**
2011	**50.0**	**78.9**	**955.1**	**185.3**	**(93.3)**	**1,176.0**	**123.4**	**1,299.4**

(a) "Other movements" for 2011 mainly correspond to the impact of the Group's buyout of the 20% non-controlling interests in ZJ Supor on 13 December 2011.

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5.4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended 31 December, in millions of euros

SEB S.A. (“the Company”) and its subsidiaries (together “Groupe SEB” or “the Group”) are a world leader in the design, manufacture and marketing of cookware and small household appliances such as pressure cookers, irons and steam generators, kettles, coffee machines, deep fryers, toasters and food processors.

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).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were authorised for publication by the Board of Directors on 17 February 2012.

As a company listed in a European Union country and in compliance with European Commission regulation 1606/2002/EC dated 19 July 2002, the 2011 consolidated financial statements and the 2010 and 2009 comparative information have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) adopted by the European Union as of 31 December 2011, including the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC). These documents can be downloaded from the European Commission’s website, http://ec.europa.eu/internal_market/accounting/ias_en.htm.

New standards, amendments and interpretations whose application was mandatory from 1 January 2011

The following standards, amendments and interpretations whose application was mandatory as from 1 January 2011 had no material impact on the Group’s financial statements:

- IAS 24 (revised) – Related Party Disclosures, which clarifies the definition of a related party and broadens the scope of disclosure requirements to include commitments with related parties rather than just transactions recognised in the financial statements;
- amendment to IAS 32 – Financial Instruments: Presentation, concerning the classification of rights issues denominated in a currency other than the issuer’s functional currency;
- amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement. This amendment states that when an entity is subject to minimum funding requirements under a defined benefit plan and makes an early payment of contributions to cover those requirements, the benefit of such an early payment can be treated as an asset in the same way as other forms of prepayments;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments, which provides guidance on accounting for agreements to settle a financial liability fully or partially with shares or other equity instruments;
- amendment to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters;
- annual Improvements to IFRSs (May 2010), which mainly concern clarifications related to (i) the application of IFRS 3R – Business Combinations and IAS 27R, and (ii) the presentation of financial statements in accordance with IAS 1, notably the disclosures required concerning items of other comprehensive income.

New standards, amendments and interpretations not early adopted

The following new standards, amendments and interpretations whose application is mandatory from 1 January 2012 or which may be applied even if they are not adopted by the European Union, provided that they do not conflict with current standards, were not early adopted by the Group in 2011. Apart from the amendment to IAS 19 described below they are not expected to have any material impact on the Group’s financial statements;

- amendments to IFRS 7 – Financial Instruments: Disclosures, which are intended to improve the understanding of transfer transactions of financial assets by requiring disclosures that enable users of financial statements to (i) understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities and (ii) evaluate the nature of, and risks associated with, the entity’s continuing involvement in derecognised financial assets;
- amendment to IAS 1 – Presentation of Items of Other Comprehensive Income, which requires entities to group items presented in other comprehensive income on the basis of whether they are subsequently reclassifiable to profit or loss;
- amendment to IAS 12 – Income Taxes, concerning the measurement of deferred taxes relating to certain assets measured at fair value. This amendment is not expected to have a material impact on the consolidated financial statements;
- amendments to IAS 19 – Employee Benefits, which (i) eliminate the option to defer the recognition of actuarial gains and losses, known as the “corridor method” (at 31 December 2011, the Group’s unrecognised actuarial gains and losses represented a net loss of €30.2 million), (ii) clarify the presentation of changes in assets and liabilities arising from defined benefit plans, (iii) remove the notion of expected return on plan assets,

and (iv) introduce new disclosure requirements. The amended IAS 19 will be applicable on a retrospective basis from 1 January 2013.

Note 1.1. BASIS AND SCOPE OF CONSOLIDATION

Material companies that are exclusively controlled by SEB S.A. either directly or indirectly are fully consolidated.

The profits of subsidiaries acquired or disposed of during the year are recognised in the consolidated income statement from the acquisition date or up to the disposal date.

Where necessary, the financial statements of subsidiaries are restated to comply with Group accounting policies.

Material companies over which SEB S.A. exercises significant influence, directly or indirectly, are accounted for by the equity method. At 31 December 2011, no entities were accounted for by the equity method.

Certain companies fulfilling the above criteria are not consolidated because they are not material in relation to the Group as a whole. The materiality criteria applied by the Group are as follows:

- revenue of at least €10 million;
- total assets of at least €10 million;
- total debt of at least €5 million.

The list of consolidated companies is presented in Note 32.

All material intra-group transactions have been eliminated in consolidation.

Note 1.2. FOREIGN CURRENCY TRANSLATION

1.2.1. Translation of the financial statements of foreign operations

The financial statements of foreign entities are prepared in their functional currency, corresponding to the currency of the primary economic environment in which the entity operates. The functional currency of most foreign entities is their local currency.

The euro is the Group's functional currency and reporting currency.

The financial statements of foreign entities are translated into euros by the closing rate method, as follows;

- assets and liabilities in a functional currency other than the euro are translated at the closing rate at the balance sheet date and income statement items are translated at the weighted average rate for the year;
- the resulting exchange differences are recognised as a separate component of equity, under "Translation reserve".

The financial statements of subsidiaries whose functional currency is not the local accounting currency are initially translated into the functional currency using the historical rate method, as follows:

- non-monetary assets and liabilities (non-current assets, inventories and securities) and the corresponding movements recorded in the income statement are translated at the historical exchange rate;
- monetary assets and liabilities (cash, short and long-term loans and borrowings, and operating receivables and payables) are translated at the closing rate at the balance sheet date;
- income statement items are translated at the weighted average rate for the year, apart from depreciation, amortisation and impairment losses on non-monetary items;
- the resulting exchange differences are recognised in the income statement.

These financial statements in the functional currency are then translated into euros using the closing rate method.

In accordance with the option available to first-time adopters under IFRS 1, Groupe SEB elected to reset to zero at 1 January 2004 the cumulative translation differences arising on consolidation of foreign entities.

1.2.2. Translation of foreign currency transactions

Foreign currency transactions are recognised and measured in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than the euro are initially recognised at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in currencies other than the euro are translated at the closing exchange rate, and the resulting exchange differences are recognised in the income statement.

The effect of changes in exchange rates on the fair value of non-monetary financial assets and liabilities is recognised by the accounting method applied to the category of financial assets or liabilities concerned.

Monetary financial assets are measured at amortised cost in the original currency and changes in amortised cost corresponding to exchange differences are recognised in the income statement, while other changes are recognised directly in equity.

The Group's exposure to certain currency risks is hedged using forward purchase agreements and options (see below accounting methods applicable to derivative financial instruments).

Note 1.3. USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions that have an impact on the reported amounts of assets and liabilities – such as accumulated depreciation, amortisation and impairment losses – and contingent assets and liabilities at the balance sheet date, and income and expenses for the year.

All such estimates are made on a going concern basis using the information available when the financial statements are drawn up. They reflect amounts and assumptions that management considers relevant and reasonable given the Group's operating environment and past experience. In the current economic environment, short and medium-term forecasting has become more difficult. The estimates and assumptions used to prepare the 2011 consolidated financial statements reflected the financial parameters shaping the market at 31 December. The value of certain assets, such as goodwill and trademarks, was estimated at the year-end based on the long-term economic outlook and management's best estimates, taking into account the reduced visibility of future cash flows.

The assumptions used – which mainly concern impairment tests on non-current assets – and the sensitivity of reported amounts to changes in these assumptions are presented in the relevant notes to these consolidated financial statements, in accordance with IAS 36.

Estimates may be adjusted following any change in the circumstances on which they were based or when any new information comes to light. Actual results may differ from these estimates and assumptions.

The main estimates and assumptions used to prepare the consolidated financial statements concern the measurement of pension and other post-employment benefit obligations (Note 22.1), deferred taxes (Note 1.4.9), property, plant and equipment (Note 1.4.3), intangible assets (Notes 1.4.1 and 10), investments in associates and other investments, impairment of current assets (Notes 1.4.5 and 1.4.6), short and long-term provisions (Notes 1.4.10 and 1.4.11), certain financial instruments (Note 1.4.4 - Derivative instruments) and share-based payments (Note 1.4.10).

Note 1.4. ACCOUNTING POLICIES AND VALUATION METHODS

The financial statements of Group companies are prepared in accordance with local generally accepted accounting principles. They are restated where necessary to comply with Group accounting policies.

The notes to the consolidated financial statements include analyses of assets and liabilities by maturity where disclosure of this information is required under IFRS.

The methods used to measure intangible assets, property, plant and equipment, inventories and trade receivables are described below.

1.4.1. Intangible assets

A) DEVELOPMENT COSTS

Under IAS 38 – Intangible Assets, research costs are recognised as an expense and development costs are recognised as an intangible asset when the Group can demonstrate (IAS 38, paragraph 57):

- its intention to complete the development project;
- that it is probable that the expected future economic benefits attributable to the asset will flow to the Group;
- its ability to reliably measure the cost of the asset.

Development costs that do not fulfil the above criteria are expensed as incurred.

In the consolidated financial statements, qualifying development costs incurred after the advance design phase and before the manufacturing phase are recognised as intangible assets.

Development costs are amortised on a straight-line basis over three to five years, corresponding to the same useful life as that applied to specific tooling.

B) OTHER INTANGIBLE ASSETS

Software licences and internal software development costs are recognised as intangible assets when it is probable that they will generate future economic benefits. They are amortised by the straight-line method over periods ranging from three to five years. Other software licences and software development costs are expensed as incurred.

Patents, licences and trademarks with a finite useful life are amortised over the shorter of the period of legal protection and their expected useful life, not to exceed fifteen years.

Trademarks with an indefinite useful life are not amortised but are tested for impairment.

C) GOODWILL

Goodwill, corresponding to the excess of the Group's interest in the net fair value of the identifiable assets and liabilities acquired in a business combination over the consideration transferred, is recognised in the balance sheet as an asset under "Goodwill". The consideration transferred is measured as the fair value of assets transferred, equity instruments issued and liabilities incurred by the acquirer to the former owner on the acquisition date, plus any contingent consideration. In the case of a business combination achieved in stages, the difference between the carrying amount of the previously held interest and its acquisition-date fair value is recognised directly in the income statement on the acquisition date under "Other operating income and expense".

For each business combination, any non-controlling interest in the acquiree may be measured either at fair value on the acquisition date (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets (partial goodwill method).

The fair values provisionally attributed to identifiable assets and liabilities, non-controlling interests measured at fair value and the various components of the consideration transferred may be adjusted for a period of twelve months after the acquisition date. After that period, any adjustments are recognised prospectively in profit or loss with no adjustment to goodwill.

Goodwill is not amortised but is tested for impairment at least once a year. For impairment testing purposes, goodwill is allocated to a Cash-Generating Unit (CGU), defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The method used to test CGUs for impairment is described in Note 1.4.3.

When a CGU is found to be impaired, an impairment loss corresponding to the difference between the carrying amount of the goodwill and its recoverable amount is recognised as other operating expense. Impairment losses on goodwill are not reversible.

Negative goodwill is recognised directly in the income statement under "Other operating income and expense" and is attributed in full to the acquirer.

1.4.2. Property, plant and equipment

Property, plant and equipment are initially recognised at cost and are depreciated by the straight-line method over their estimated useful lives.

Maintenance and repair costs are expensed as incurred.

The main useful lives are as follows:

- buildings: 10 to 40 years;
- plant and machinery: 10 years;
- office equipment: 3 to 10 years;
- vehicles: 4 to 5 years;
- tooling: 1 to 5 years.

Each significant part of an item of property, plant and equipment with a useful life that is different from that of the asset to which it belongs is depreciated separately. Useful lives are reviewed at regularly intervals and the effect of any adjustments – corresponding to a change in accounting estimates – is applied prospectively.

No items of property, plant or equipment have been revalued.

In accordance with IAS 17 – Leases, finance leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee are recognised in property, plant and equipment for an amount corresponding to the lower of the fair value of the leased asset and the present value of the minimum lease payments. A liability for the same amount is recorded under "Finance lease liabilities".

1.4.3. Impairment of non-current assets

In accordance with IAS 36 – Impairment of Assets, the Group assesses at the end of each reporting period whether there is any indication that its property, plant and equipment and intangible assets may be impaired. If any such indication exists, the assets are tested for impairment. Assets with an indefinite useful life – corresponding in the case of Groupe SEB to goodwill and trademarks – are tested for impairment at least once a year, irrespective of whether there is any indication of impairment.

Assets with a finite useful life are tested whenever events or circumstances indicate that their carrying amount may not be recovered.

Impairment tests are performed at the level of each Cash-Generating Unit (CGU). A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An impairment loss is recognised for any excess of an asset's carrying amount over its recoverable amount. Recoverable amount corresponds to the higher of the asset's fair value less costs to sell and its value in use, calculated using the discounted cash flows method. The impairment loss is allocated to reduce the carrying amount of goodwill and then prorata to the other assets of the CGU based on their respective carrying amounts.

The capitalised amount of development projects in progress is also tested for impairment.

Impairment losses on CGUs and on assets with an indefinite useful life are recorded in "Other operating income and expense".

At Groupe SEB, CGUs correspond to individual production sites, broken down where appropriate by product family. The assets allocated to each CGU correspond mainly to tooling and other manufacturing assets (primarily buildings and machinery). Marketing subsidiaries and integrated manufacturing and sales entities are each treated as separate CGUs, but marketing subsidiaries that share resources are combined in a single CGU.

Impairment losses recognised for non-financial assets other than goodwill are reviewed at each annual and interim period-end and adjusted as necessary.

1.4.4. Financial instruments

Financial instruments are accounted for in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Financial assets and liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. They are initially recognised at cost, corresponding to the fair value of the consideration paid or received plus external transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

A) FINANCIAL ASSETS

Financial assets consist of shares in subsidiaries and affiliates, as well as operating receivables, debt securities and other cash equivalents classified as current assets.

Available-for-sale financial assets are assets that are intended to be held for an indefinite period but which may be sold in response to changes in market interest rates or liquidity needs. They comprise investments in non-consolidated companies.

At each period-end, they are measured at fair value and the resulting unrealised gains or losses are recognised directly in equity. When the assets are sold or there is objective evidence of impairment, the cumulative gains and losses previously recognised in equity are reclassified to profit.

Held-to-maturity investments are financial assets with a fixed maturity that the Group has the positive intention and ability to hold to maturity. They are measured at amortised cost, determined by the effective interest method.

B) FINANCIAL LIABILITIES

Financial liabilities comprise borrowings and other financing, including bank overdrafts and operating liabilities.

Borrowings and other financial liabilities are measured at amortised cost, determined by the effective interest method.

When interest rate risks on financial liabilities are hedged by swaps qualifying as cash flow hedges, the swaps are also recognised in the balance sheet at fair value. The effective portion of changes in their fair value is recognised directly in equity and the ineffective portion is recognised in profit.

C) DERIVATIVE INSTRUMENTS

Market risks (interest rate, currency and commodity price risks) are hedged, generally through the use of derivative instruments.

In accordance with IAS 32 and IAS 39, derivative instruments are measured at fair value.

The accounting treatment of changes in fair value depends on the future use of the derivative and the resulting accounting classification.

Derivative instruments designated as the hedging instrument in a hedging relationship may be classified as either fair value or cash flow hedges:

- a fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment that is attributable to a particular risk and could affect profit;
- a cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit.

The gain or loss arising from remeasurement at fair value of derivative instruments designated as fair value hedges is recognised in profit, offsetting all or part of the gain or loss recognised on the hedged item.

In the case of cash flow hedges, the effective portion of the gain or loss arising from remeasurement of the derivative instrument at fair value is recognised in equity and the ineffective portion is recognised in profit. The cumulative gains and losses on cash flow hedges recognised directly in equity are reclassified into profit when the hedged item affects profit.

Hedge accounting is applied when:

- the hedging relationship is formally designated and documented at the inception of the hedge;
- the hedge is expected to be highly effective and is determined actually to have been highly effective throughout the financial reporting periods for which it was designated.

At the inception of each hedge, the hedging relationship is formally documented, specifying in particular the Group's risk management objective and strategy for undertaking the hedge. The initial documentation also includes details of how the Group will assess the hedging instrument's effectiveness. In subsequent periods, the hedging instrument's actual effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk is also fully documented.

Hedge accounting is discontinued prospectively when the derivative instrument ceases to be a highly effective hedge or when it expires or is sold, terminated or exercised.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised in profit.

1.4.5. Inventories

Raw materials and goods purchased for resale are measured at purchase cost, using the weighted average cost method.

Work-in-progress and finished products are measured at cost, including raw materials and labour and a portion of direct and indirect production costs.

In accordance with IAS 2, inventories are measured at the lower of cost, determined as explained above, and net realisable value.

Net realisable value corresponds to the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale (mainly distribution costs).

The carrying amount of inventories does not include any borrowing costs.

1.4.6. Trade receivables

Trade receivables are measured at the lower of their nominal amount – which approximates fair value due to their short maturity – and their estimated net realisable value. Provisions for impairment are determined on the basis of the age of the receivables, taking into account any identified recovery risks.

1.4.7. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term investments in money market instruments. These instruments have maturities of less than three months; they are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

The consolidated cash flow statement is presented using the indirect method and cash flows are analysed between operating, investing and financing activities.

IAS 7 was amended following the publication of IAS 27R. The aggregate cash flows arising from obtaining or losing control of a subsidiary are classified as investing activities while cash flows arising from changes in ownership interests in a fully consolidated subsidiary are classified as financing activities. Transactions with jointly controlled entities or entities accounted for by the equity method continue to be classified as investing activities.

1.4.8. Treasury stock

Treasury stock is deducted from equity at cost. Any gains or losses arising from the purchase, sale, issue or cancellation of treasury stock are recognised directly in equity without affecting profit.

1.4.9. Income taxes

Income tax expense reported in the income statement corresponds to current tax for the period and changes in deferred taxes.

In accordance with IAS 12 – Income Taxes, deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities and their tax base. They are determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Temporary differences include:

a) taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled; and

b) deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred tax assets are recognised for deductible temporary differences and tax loss carryforwards to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets previously unrecognised at the date of a business combination or during the twelve-month fair value measurement period are subsequently recognised as an adjustment to profit or loss provided they meet the recognition criteria.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

1.4.10. Employee benefits

A) PENSION AND OTHER POST-EMPLOYMENT BENEFIT PLANS

In some countries, the Group is required to pay length-of-service awards to employees on retirement or pension benefits under formal pension plans. The Group also pays contributions to government-sponsored pension schemes in its various host countries. The accounting treatment of these pension and other post-employment benefit plans depends on the type of plan, as follows:

Defined contribution plans

Contributions to these plans are recognised as an expense for the period to which they relate.

Defined benefit plans

In accordance with IAS 19 – Employee Benefits, obligations under defined benefit plans are calculated annually by independent actuaries using the projected unit credit method based on final salaries. The projected unit credit method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, which is then discounted.

The actuarial assumptions used to calculate the obligation include staff turnover rates, mortality rates, the discount rate and the expected retirement age. The assumptions vary according to local laws and regulations in the host countries concerned.

Actuarial gains and losses arising from the effects of changes in actuarial assumptions and experience adjustments on plan obligations and assets are recognised in profit by the corridor method. Under this method, the portion of the net cumulative unrecognised actuarial gains and losses that exceeds the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of any plan assets at that date is amortised over the remaining service lives of the employees concerned.

A provision is recorded in the balance sheet for any unfunded obligations, corresponding to defined benefit obligations not covered by plan assets, net of unrecognised gains and losses.

For plans that have a surplus – corresponding to the excess of plan assets over the defined benefit obligation – the Group applies the limit provided for in IAS 19 in measuring any asset recognised in the balance sheet.

B) OTHER LONG-TERM BENEFIT PLANS

Certain subsidiaries pay jubilees to employees who have completed a certain number of years' service or offer employees "time savings accounts". The cost of these long-term benefits is calculated on an actuarial basis and recognised in profit over the service lives of the employees concerned.

Actuarial gains and losses are recognised immediately in profit during the period in which they are generated, as their deferral is not allowed under IFRS.

Pension and other post-employment benefit costs are classified as operating expenses, except for the interest cost, which is included in other financial income and expense in accordance with the alternative treatment allowed under IAS 19.

In accordance with IFRS 1 – First-time Adoption of International Financial Reporting Standards, cumulative actuarial gains and losses at 1 January 2004 were included in provisions for pensions and other post-employment benefit obligations at that date by adjusting equity. Groupe SEB has elected not to use the option available in the amended version of IAS 19 whereby entities may recognise actuarial gains and losses under defined benefit pension plans directly in equity as from 1 January 2006.

C) SHARE-BASED PAYMENTS

Stock option plans are measured and recognised in accordance with IFRS 2 – Share-based Payment. Stock options represent a benefit for the grantee and, accordingly, are treated as part of the Group's compensation costs. Option grants are not cash-settled, and the benefit is therefore recognised as an expense over the vesting period by adjusting equity, for an amount corresponding to the fair value of the underlying equity instruments. As the stock options granted to employees of Group subsidiaries are only exercisable for SEB S.A. shares they are deemed to be equity-settled share-based payments.

Fair values are determined using the Black & Scholes option pricing model. This model takes into account the option exercise price and period, market data at the grant date (risk-free interest rate, share price, volatility, expected dividends) and grantee behaviour assumptions.

IFRS 2 has been applied only to stock options granted after 7 November 2002 that had not yet vested at 1 January 2005. As allowed under IFRS 1, no options granted prior to 7 November 2002 have been restated.

1.4.11. Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A) PROVISIONS FOR WARRANTY COSTS

The Group provides a warranty on its products. The estimated costs of the warranty are accrued at the time of sale, based on historical data.

This item also includes provisions for product recalls, which are set up when the recall is decided.

B) PROVISIONS FOR CLAIMS AND LITIGATION

As a general principle, all known claims and litigation involving the Group are reviewed by management at each period-end. All necessary provisions have been recorded to cover the related risks, as estimated after obtaining advice from outside legal advisors.

C) RESTRUCTURING PROVISIONS

The Group is considered as having a constructive obligation when management has a detailed formal plan for the restructuring, has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features and no inflow of economic benefits is expected that would offset the costs of the plan.

The amount of the related provision corresponds to forecast cash outflows under the plan.

1.4.12. Off-balance sheet commitments

For several years now, the Group's reporting system has included detailed reporting of off-balance sheet commitments. The process provides for the reporting by consolidated subsidiaries, in their consolidation packages, of information about the following commitments that they have given:

- guarantees, endorsements and bonds;
- security interests (mortgages and pledges);
- commitments under operating leases and firm orders for fixed assets;
- other commitments.

1.4.13. Transactions between owners

Acquisitions or disposals of non-controlling interests that do not affect the Group's control of a subsidiary are treated as transactions between owners and accounted for in equity. The carrying amounts of the subsidiary's assets (including goodwill recognised upon obtaining control) and liabilities remain unchanged.

In the event of a partial disposal leading to the loss of control of a subsidiary, the Group (a) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost; (b) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost; (c) recognises the fair value of the consideration received; (d) recognises any investment retained in the former subsidiary at its fair value at the date when control is lost; (e) reclassifies to profit or loss any gain or loss recognised in other comprehensive income and (f) recognises any resulting difference as a gain or loss in profit or loss attributable to the parent. The remeasurement at fair value of any investment retained therefore affects profit or loss.

Note 1.5. INCOME STATEMENT PRESENTATION

1.5.1. Revenue

Revenue corresponds to the value, excluding tax, of goods and services sold by consolidated companies in the course of their ordinary activities, after eliminating intra-group sales.

Revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer – generally when the customer receives a product – for an amount corresponding to the fair value of the consideration received or receivable, as determined after deducting rebates and discounts.

Advertising expense contributions billed by customers and the cost of consumer promotions that do not fulfil the criteria for recognition as operating expenses are recognised as a deduction from revenue. The reported amount of revenue also includes miscellaneous revenues.

Freight and other costs billed to customers are treated as an integral part of revenue.

Accruals are booked for deferred rebates granted to customers on the basis of contractual or constructive commitments identified at the period-end.

1.5.2. Operating result from activity (formerly "Operating margin") and operating expenses

The Group's main performance indicator is operating result from activity, which corresponds to revenue less operating expenses. Operating expenses comprise the cost of sales, research and development costs, advertising costs and distribution and administrative expenses. Statutory and discretionary employee profit-sharing and non-recurring operating income and expenses, as defined in Note 1.5.4, are excluded from the calculation.

1.5.3. Recurring operating profit

Recurring operating profit corresponds to operating result from activity less statutory and discretionary employee profit sharing.

1.5.4. Operating profit

Operating profit comprises all the recurring and non-recurring income and expenses generated in the course of the Group's ordinary activities, including income and expenses resulting from one-off decisions or transactions that are unusual in terms of their amount. Non-recurring operating income and expenses mainly include the following items (see Note 6 for details):

- costs of significant restructuring plans;
- impairment losses on property, plant and equipment and intangible assets, including goodwill;
- costs related to business combinations (excluding the costs of issuing equity instruments or of new debt contracted for the purpose of the business combination) and the remeasurement at fair value of any previously held investment on the date control was obtained;
- gains or losses recognised upon losing control of a subsidiary, including the remeasurement at fair value of any investment retained;
- gains and losses on very exceptional events (litigation, asset disposals, etc. involving unusually large amounts) and changes in provisions booked for these types of events.

1.5.5. Other income statement items

Accrued interest on interest-bearing instruments is recognised by the effective interest method based on the purchase price.

Dividend income is recognised when the shareholders' right to receive payment is established.

Finance costs are recognised in the income statement on an accruals basis.

1.5.6. Earnings per share

Basic earnings per share correspond to profit attributable to owners of the parent divided by the weighted average number of shares outstanding during the period, excluding treasury stock.

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to take into account the dilutive effect of stock options and other equity instruments issued by the Company.

NOTE 2 CHANGES IN THE SCOPE OF CONSOLIDATION

Note 2.1. CHANGES IN 2011

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 Rionegra in Colombia – as well as a dozen stores located across the country.

At 31 December 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:

(in € millions)	**28 February 2011**
Non-current assets [(a)]	55.7
Inventories	16.9
Trade and other receivables	20.0.
Net debt	(53.3)
Trade and other payables	(6.6)
Other liabilities (including deferred taxes)	(20.8)
TOTAL NET ASSETS	**11.9**
PERCENT INTEREST	**99%**
NET ASSETS ACQUIRED	**11.8**
Non-controlling interests	0.1
CASH OUTFLOW FOR THE IMUSA ACQUISITION	**44.2**
Goodwill	32.4

(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 the ten months from March to December 2011 amounted to €81.7 million.

On 28 December 2011 Arfel and Groupe SEB Colombia were merged into Imusa. As this merger corresponded simply to a legal restructuring it had no impact on the consolidated financial statements.

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.

At 31 December 2011, the provisional estimate of the net fair value of Asia Fan's identifiable assets and liabilities when Groupe SEB acquired control of the company on 31 May 2011 was as follows:

(in € millions)	**31 May 2011**
Non-current assets [(a)]	2.0
Inventories	2.1
Trade and other receivables	0.8
Net cash	0.2
Trade and other payables	(1.2)
Other liabilities (including deferred taxes)	(0.3)
TOTAL NET ASSETS	**3.6**
PERCENT INTEREST	**65%**
NET ASSETS ACQUIRED	**2.3**
Non-controlling interests	1.3
CASH OUTFLOW FOR THE ASIA FAN ACQUISITION	**8.6**
Goodwill	6.5

(a) The Asia Fan trademark has not yet been valued. The valuation will take place in 2012.

The provisional value assigned to the goodwill arising on the Asia Fan acquisition was calculated using the partial goodwill method.

Asia Fan's contribution to the Group's revenue in the seven months from June to December 2011 amounted to €5.1 million.

Acquisition of an additional interest in Supor

During 2011 the Group purchased an additional 20% interest in Supor from the Su family – the company's founding shareholders – at a price of RMB 30 per share. The acquisition was completed on 13 December 2011 for an aggregate purchase price of €406 million, which was settled on the same date. This transaction gave rise to a €406 million reduction in equity and an €83 million transfer from equity attributable to non-controlling interests to equity attributable to owners of the parent.

Maharaja Whiteline

On 16 December 2011, Groupe SEB acquired a majority interest in Maharaja Whiteline, a leading producer of small electrical appliances in India. Created in 1976, Maharaja Whiteline has its roots in Northern and Western India. It is one of the major players in a still highly fragmented market, with a portfolio covering several families of small domestic equipment. In particular, Maharaja Whiteline is an established brand name in mixer grinders, an indispensable appliance in India in Kitchen Electrics. Backed by a network of 330 distributors, Maharaja Whiteline is present in over 26,000 sales outlets. Its revenue for the fiscal year ended 31 March 2011 totalled €21 million and it has reported average annual growth of 25%. The company operates a plant in Baddi, Himachal Pradesh state, in Northern India, and employs around 350 people.

The transaction gives Groupe SEB a 55% interest in the company, with the remaining shares held by its founder Harish Kumar and his family. Harish Kumar will continue to serve as Chairman and Chief Executive Officer.

In view of the acquisition date, the Group's interest in Maharaja Whiteline is presented under “Other investments” in the consolidated balance sheet. Groupe SEB does not consider that its financial statements for the year ended 31 December 2011 were materially affected by the fact that Maharaja Whiteline was not included in the scope of consolidation at that date.

The valuation of Groupe SEB's interest in this company took into consideration an earn-out payment that may be due in 2013 based on EBITDA performance. The amount of the earn-out has been provisionally estimated as €2 million. In addition, if the founding shareholders' interest falls below 25% of the company's capital, they may sell their shares to Groupe SEB pursuant to a put and call option agreement put in place at the time of the acquisition. As their stake represented more than 25% at 31 December 2011, these contractual provisions did not have any impact on the consolidated financial statements.

Other transactions in 2011

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. This fund – which will serve as a technology watch as well as an investment unit – was consolidated in the Group's 2011 financial statements.

In 2011, SEB Alliance made its first investment in the area of digital and connected products, by acquiring a majority 60% stake in US-based Key Ingredient.

Key Ingredient is a US start-up, based in Austin, Texas and specialised in the development of digital cooking solutions. In 2011 it generated revenue of less than €2 million. In view of this non-material amount, Key Ingredient was not consolidated by the Group in 2011.

MERGER OF GROUPE SEB MEXICANA AND VISTAR

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

Note 2.2. CHANGES IN 2010

No subsidiaries were acquired or divested in 2010. The only change in the scope of consolidation concerned the Peruvian branch previously consolidated by Groupe SEB Colombia, which was converted into a subsidiary called Groupe SEB Peru and was fully consolidated in 2010. This internal transaction had no impact on the consolidated financial statements.

Note 2.3. CHANGES IN 2009

No subsidiaries were acquired or divested in 2009. The only change in scope of consolidation during the period concerned the Groupe SEB Retailing subsidiary, which was accounted for by the equity method in 2008 and fully consolidated from 1 January 2009. This change in consolidation method did not have a material impact on the financial statements.

NOTE 3 SEGMENT INFORMATION

In accordance with IFRS 8 – Operating segments, financial information is presented by geographical segment, which is the basis of the internal information reviewed and used by the chief operating decision makers, i.e. the members of the Executive Committee.

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

(in € millions)	France	Other Western European countries [a]	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Intra-group transactions	Total
2011								
Revenue								
Inter-segment revenue	705.6	791.5	394.6	426.5	909.5	664.6		3,892.3
External revenue	304.5	41.4	0.6	16.6	748.4	264.8	(1,305.3)	71
TOTAL REVENUE	**1,010.1**	**832.9**	**395.2**	**443.1**	**1,657.9**	**929.4**	**(1,305.3)**	**3,963.3**
Income statement								
Operating result from activity*	108.2	44.5	0.2	27.3	178.7	100.7	(6.2)	453.4
Operating profit/(loss)	59.8	40.9	(8.3)	37.4	176.7	100.2	(6.2)	400.5
Finance costs and other financial income and expense, net								(27.2)
Share of profits of associates								0
Income tax expense								(112.4)
PROFIT FOR THE PERIOD								**260.9**
Balance sheet								
Segment assets	595.1	434	390	435.3	1,109.5	311.2	(279.6)	2,995.5
Financial assets	-	-	-	-		-	-	270.9
Tax assets	-	-	-	-		-	-	95.8
TOTAL ASSETS	**-**	**-**	**-**	**-**		**-**	**-**	**3,362.2**
Segment liabilities	423.8	250.3	62	100.9	256.1	110.9	(233.1)	970.9
Borrowings	-	-	-	-		-	-	883.8
Tax liabilities	-	-	-	-		-	-	145.7
Equity	-	-	-	-		-	-	1,361.8
TOTAL EQUITY AND LIABILITIES	**-**	**-**	**-**	**-**		**-**	**-**	**3,362.2**
Other information								
Capital expenditure and purchases of intangible assets	67.7	5.7	3.5	16.3	45.9	1.5		140.6
Depreciation and amortisation expense	55.7	8.2	3.9	11.3	19.6	1.6		100.3
Impairment losses	0	4.2	7.2	0.3	2.1			13.8

(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.
** Formerly "Operating margin".*

(in € millions)	France	Other Western European countries [(a)]	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Intra-group transactions	Total
2010								
Revenue								
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
TOTAL REVENUE	**1,347.6**	**817.2**	**387.6**	**356.2**	**1,416.4**	**620.6**	**(1,293.8)**	**3,651.8**
Income statement [(b)]								
Operating result from activity*	137.0	48.7	(6.3)	28.7	125.8	111.0	(6.9)	438.0
Operating profit/(loss)	81.5	44.3	(22.9)	21.8	123.3	107.9	(6.9)	349.0
Finance costs and other financial income and expense, net								(15.9)
Share of profits of associates								
Income tax expense								(89.5)
PROFIT FOR THE PERIOD								**243.6**
Balance sheet								
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
TOTAL ASSETS								**2,996.0**
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
TOTAL EQUITY AND LIABILITIES								**2,996.0**
Other information								
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.

(b) The allocation by geographical segment used for eliminating intra-group transactions in 2010 has been adjusted in order to provide a more meaningful comparison of reported segment information.

** Formerly "Operating margin".*

(in € millions)	France	Other Western European countries [a]	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Intra-group transactions	Total
2009								
Revenue								
Inter-segment revenue	684.7	706.1	342.4	259.5	596.9	529.8		3,119.4
External revenue	557.7	44.2	0.6	14.6	477.0	4.9	(1,042.1)	56.9
TOTAL REVENUE	**1,242.4**	**750.3**	**343.0**	**274.1**	**1,073.9**	**534.7**	**(1,042.1)**	**3,176.3**
Income statement								
Operating profit/(loss)	38.9	(0.7)	(28.6)	19.9	127.3	91.3		248.1
Finance costs and other financial income and expense, net								(27.2)
Share of profits of associates								
Income tax expense								(58.1)
Profit for the period								162.8
BALANCE SHEET								
Segment assets	567.9	443.0	319.4	245.2	758.1	200.7	(237.6)	2,296.7
Financial assets								320.7
Tax assets								53.2
Total assets								2,670.6
SEGMENT LIABILITIES	**381.4**	**266.0**	**42.5**	**70.7**	**177.6**	**78.8**	**(201.4)**	**815.6**
Borrowings								561.7
Tax liabilities								73.2
Equity								1,220.1
TOTAL EQUITY AND LIABILITIES								**2,670.6**
Other information								
Capital expenditure and purchases of intangible assets	60.8	9.0	2.2	8.0	28.1	1.2		109.3
Depreciation and amortisation expense	58.4	8.3	3.8	8.4	13.8	1.3		94.0
Impairment losses	4.3	5.0	20.4					29.7

(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.

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

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

Note 3.2. REVENUE BY GEOGRAPHICAL LOCATION OF THE CUSTOMER

(in € millions)	2011	2010	2009
France	705.4	711.7	685.3
Other Western European countries [(a)]	806.7	786.9	728.3
North America	410.1	404.4	348.9
South America	427.9	345.7	261.5
Asia-Pacific	919.6	764.0	599.9
Central Europe, Russia and other countries	693.6	639.1	552.4
TOTAL	**3,963.1**	**3,651.8**	**3,176.3**

(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.*

NOTE 4 OPERATING EXPENSES

(in € millions)	2011	2010	2009 restated
Purchased raw materials and goods	(1,861.6)	(1,632.7)	(1,414.1)
Labour costs	(128.4)	(126.7)	(125.4)
Freight costs	(71.3)	(64.9)	(22.1)
Other production costs	(334.2)	(322.3)	(305.4)
COST OF SALES (SUB-TOTAL)	**(2,395.5)**	**(2,146.6)**	**(1,867.0)**
Research and development costs	(63.5)	(60.0)	(50.0)
Advertising expense	(128.2)	(143)	(95.2)
Distribution and administrative expenses	(922.8)	(864.3)	(808.7)
OPERATING EXPENSES	**(3,510.0)**	**(3,213.9)**	**(2,820.9)**

During 2010, the Group revamped its accounting plan, which resulted in certain expenses (mainly logistics expenses) being reclassified in cost of sales. This changed the structure of gross margin for that year, but had no impact on reported operating result from activity (formerly "Operating margin").

NOTE 5 EMPLOYEE BENEFITS EXPENSE

(in € millions)	2011	2010	2009
Wages and salaries (excluding temporary staff costs)	(456.0)	(429.3)	(381.2)
Payroll taxes	(116.1)	(112.6)	(104.1)
Pension and other post-employment benefit plan costs	(42.3)	(39.3)	(38.3)
Service cost under defined benefit plans	(7.1)	(7.6)	(5.0)
Statutory and discretionary employee profit-sharing	(43.9)	(50.4)	(33.5)
TOTAL EMPLOYEE BENEFITS EXPENSE	**(665.4)**	**(639.2)**	**(562.1)**

Breakdown by geographical segment - 2011	France	Other Western European countries (a)	North America	South America	Asia-Pacific*	Central Europe, Russia and other countries	Total
Employee benefits expense (excluding temporary staff costs)	(370.5)	(76.0)	(39.5)	(61.6)	(90.6)	(27.2)	(665.4)
Average number of employees	5,868	1,407	681	2,816	12,871	265	23,908

* *Excluding Asia Fan.*

Breakdown by geographical segment - 2010	France	Other Western European countries (a)	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Total
Employee benefits expense (excluding temporary staff costs)	(368.3)	(74.4)	(41.5)	(53.5)	(77.2)	(24.3)	(639.2)
Average number of employees	5,859	1,430	693	2,142	11,794	250	22,168

Breakdown by geographical segment - 2009	France	Other Western European countries (a)	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Total
Employee benefits expense (excluding temporary staff costs)	(343.7)	(72.9)	(34.6)	(39.1)	(51.7)	(20.1)	(562.1)
Average number of employees	6,077	1,461	638	1,997	9,313	227	19,713

(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.*

Employees by category *(%)*	2011	2010	2009
Direct labour	49.2	49.8	48.6
Other workers	40.8	40.6	41.4
Managers	10.0	9.6	10.0
TOTAL	**100.0**	**100.0**	**100.0**

NOTE 6 OTHER OPERATING INCOME AND EXPENSE

(in € millions)	2011	2010	2009
Restructuring costs	(5.6)	(15.0)	(41.3)
Impairment losses	(13.5)	(18.4)	(29.7)
Gains and losses on asset disposals and other	10.2	(5.1)	(2.8)
OTHER OPERATING INCOME AND EXPENSE	**(8.9)**	**(38.5)**	**(73.8)**

Note 6.1. RESTRUCTURING COSTS

2011

Restructuring costs for the year amounted to €5.6 million, mainly comprising:

- an additional cost of €1.2 million recorded in France due to the pension reform that has extended the period during which the Group will incur expenses under the pre-retirement plans introduced at certain sites in 2006;
- €1.6 million in additional compensation costs incurred in 2011 in Brazil on the termination of contracts with external sales representatives following the decision taken by the Group in 2010 to insource all of its sales forces with the aim of improving customer service quality and controlling the entire value chain;

- €1 million in compensation costs incurred on the termination of contracts with external sales representatives in Argentina, where a similar decision was taken to insource sales forces;
- a €1.7 million provision set aside in the Netherlands for restructuring costs that will be incurred as part of the project to streamline the Group's supply chain and after sales services in Western Europe.

2010

Restructuring costs for 2010 amounted to €15,0 million, mainly comprising:

- an additional cost of €4.8 million recorded in France due to the pension reform that has extended the period during which the Group will incur expenses under the pre-retirement plans introduced at certain sites in 2006;
- €6.5 million in compensation costs incurred in Brazil on the termination of contracts with external sales representatives following the Group's decision to insource all of its sales forces with the aim of improving customer service quality and controlling the entire value chain;
- sales force rationalisation costs of €2.4 million in China, where responsibility for selling Tefal brand products was transferred to the Supor sales force.

2009

Restructuring costs for 2009 amounted to €41.3 million, mainly comprising:

- €7.9 million in costs related to the redundancy plan at the Erbach site in Germany following the announcement on 11 February 2009 of a plan to reorganise the Group's European iron manufacturing operations;
- a total of €20.4 million in restructuring costs recorded in France due to:
- the reorganisation of iron manufacturing sites which resulted in a pre-retirement plan at the Pont-Évêque site,
- provisions booked following the decision to combine the R&D and marketing teams from the La Defense and Caen sites at a facility in Burgundy to create a single, optimised "Electric Cooking Appliances" unit,
- an additional provision booked as a result of the 2006 Vosges site closure;
- a €5.8 million provision booked in Italy, where the Group announced job cuts in September 2009 at the Omegna site;
- an aggregate €7.2 million in restructuring costs recorded in various other countries, where in light of the severe economic crisis the Group continued to realign the organisational structures for (i) its manufacturing facilities in Brazil and the United States, (ii) its administrative functions in Spain, and (iii) its sales activities in Norway and the United Kingdom.

Note 6.2. IMPAIRMENT LOSSES

2011

In application of the principle described in Note 1.4.3, certain manufacturing cash-generating units (CGUs) were tested for impairment by comparing the carrying amount of the assets of each CGU with their value in use. The value in use calculations were performed based on the sum of discounted future cash flows expected to be derived from the assets concerned as contained in the five-year business plan as well as a terminal value determined by extrapolating the cash flows forecast for the last year of the plan. All CGUs comprising intangible assets with an indefinite useful life were tested for impairment at the year-end and CGUs comprising assets with finite useful lives were only tested when there was an indication that they may have been impaired. The main impairment tests and CGUs concerned are discussed in Note 10 - Intangible Assets.

The main impairment loss recognised in 2011 was an additional €7.2 million impairment of the All-Clad goodwill, in addition to the €37.7 million loss already recognized in 2010. The amount recognised in 2011 reflects the fact that the business plan used as the basis for the impairment test carried out during the year factored in a flat first-half performance for All-Clad caused by the continuing lacklustre environment in the US premium sector. The fairly marked turnaround in All-Clad's performance during the second half of the year – driven by the launch of new cookware ranges – was not sufficient to fully offset this first-half situation.

The Group also recognised other, less significant, impairment losses in 2011 against goodwill relating to Greece and Vietnam, representing an overall amount of €3.2 million.

In addition, a €3.1 million impairment loss was recorded to write down a portion of the manufacturing assets of the Omegna site in Italy.

The main assumptions used in 2011 for impairment tests on the manufacturing CGUs in Europe were as follows:

- the weighted average cost of capital was estimated at 8.49% (versus 8.18% in 2010 and 8.66% in 2009);
- the long-term growth rate beyond the five-year period covered by the business plan was set between 0% and 2%, depending on the business of the CGU concerned (unchanged for the past three years).

Broadly, the tests performed on the European manufacturing CGUs at end-2011 showed little sensitivity to changes in the financial assumptions used (WACC and long-term growth), thanks to satisfactory production volumes in 2011.

2010

The main impairment loss recognised in 2011 was an additional write-down of the All-Clad goodwill for €14.7 million. After the deep recession in 2009, there was a significant recovery in sales in 2010 but the general environment in the US premium segment remained hesitant and pre-recession margins were not restored by the year-end. These conditions were included in the business plan that serves as a basis for impairment testing, which led to the above-mentioned €14.7 million goodwill impairment loss in addition to the €21.2 million loss already recognised in 2009.

The Group also booked a €3.6 million impairment loss for its Scales manufacturing facility at Rumilly (France) to take account of a decline in production volumes following the decision to relocate the production of budget scales to China.

2009

In 2009, following the deterioration in activity in the United States, especially in the premium segment, a €20.4 million impairment loss was recognised on All-Clad goodwill.

Impairment losses were also recorded on certain European manufacturing assets:

- Omegna (Italy), for €5.0 million, due to the reorganisation announced in September resulting in a significant reduction in production capacity;
- Mayenne (France), for €2.5 million, following the downgrading of production forecasts for coffee makers and instant hot water dispensers;
- Rumilly Drinks unit (France), for €1.2 million, due to the downgrading of production forecasts for instant hot water dispensers;
- Rumilly Scales unit (France), for €0.6 million.

Note 6.3. GAINS AND LOSSES ON ASSET DISPOSALS AND OTHER

2011

In 2011 this item mainly included:

- a €13.8 million gain recorded in February 2011 on the disposal of Plant 3 in São Paulo, Brazil, following an agreement signed by Groupe SEB do Brasil in August 2008 to sell this facility. The sale was conditional upon the Group providing the purchaser with a decontamination certificate and carrying out certain decontamination works at the site. These works were performed in 2009 and 2010;
- the compensation received in settlement of the Pentalpha dispute (see Note 29.1 – Significant events and litigation);
- €1 million in expenses related to acquisitions carried out during the year;
- a €4 million net expense recognised in relation to new and settled disputes that do not represent material amounts when taken individually.

2010

In 2010 this item mainly included:

- a €2.6 million provision recognised for the dispute with one of the Group's former distributors in the Middle-East. Although the Group believes it has complied strictly with the terms of the contract, the provision has been booked to cover the uncertainties of the local judicial process and other factors;
- a loss of €1.5 million on the disposal of a logistics warehouse in Germany;
- an additional €0.7 million provision for the dispute with a Chinese importer described in Note 29.1 and the 2009 Registration Document, increasing the total amount from €1.2 million to €1.9 million at 31 December 2010.

2009

In 2009, the Group booked a €1.2 million provision for a dispute with a Chinese importer. The Group's German companies paid exceptional contributions of €1.0 million to the pension guarantee fund due to the bankruptcy of certain companies participating in the plans in early 2009.

NOTE 7 FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSE

(in € millions)	2011	2010	2009
FINANCE COSTS	**(19.1)**	**(12.0)**	**(22.6)**
Interest cost on long-term employee benefit obligations	(5.1)	(5.6)	(6.4)
Exchange gains and losses	(0.5)	4.8	1.7
Income and expenses from financial instruments	0.1	(0.1)	(1.8)
Other	(2.6)	(3.0)	1.9
OTHER FINANCIAL INCOME AND EXPENSE	**(8.1)**	**(3.9)**	**(4.6)**

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 manufacturing and sales transactions denominated in foreign currencies are included in "Operating result from activity" (formerly "Operating margin"). Gains and losses on borrowings in foreign currencies and related hedges are reported under "Other financial income and expense".

Income and expenses from financial instruments correspond to amortisation of the time value of hedging instruments, and derivative instruments for which the hedging relationship has not been documented.

NOTE 8 INCOME TAXES

Note 8.1. INCOME TAX EXPENSE

(in € millions)	2011	2010	2009
Current taxes	97.7	92.0	73.2
Deferred taxes, net	14.7	(2.5)	(15.1)
INCOME TAX EXPENSE	**112.4**	**89.5**	**58.1**

Current income tax expense corresponds to taxes paid or payable in the short term on profit for the year, based on local tax rates and tax laws in the Group's host countries.

Group companies in France, Germany, Italy and the United States have elected for group relief. The companies in each tax group record in their accounts the income tax charge or benefit that they would have paid or received if they had been taxed on a stand-alone basis (Note 32). Tax savings resulting from the election for group relief are not material; the main benefit lies in the fact that any tax losses can be set off immediately against the taxable income of other companies in the tax group.

Note 8.2. EFFECTIVE TAX RATE

The following table provides a reconciliation between the Group's effective tax rate of 30.1% (29.6% in 2010 and 26.3% in 2009) and the statutory French tax rate of 36.10%:

(in %)	2011	2010	2009
STATUTORY FRENCH TAX RATE	**36.1**	**34.4**	**34.4**
Effect of different tax rates	(12.3)	(8.4)	(12.4)
Unrecognised and unrelieved tax loss carryforwards	2.0	2.0	2.3
Prior period tax loss carryforwards recognised and utilised during the period	(0.9)	(4.0)	(2.7)
Other [(a)]	5.2	2.9	4.7
EFFECTIVE TAX RATE	**30.1**	**26.9**	**26.3**

(a) The caption "Other" primarily includes unrecognised deferred tax assets other than for tax losses, changes in deferred tax assets not recognised in prior periods, and the impact of the non-deductibility of the impairment loss on All-Clad goodwill (0.7% in 2011, 1.5% in 2010 and 3.1% in 2009).

Note 8.3. DEFERRED TAX ASSETS AND LIABILITIES

(in € millions)	2011	2010	2009
Intangible assets (brands)	(104.7)	(91.6)	(80.2)
Capitalised development costs	(5.2)	(5.8)	(6.3)
Property, plant and equipment	(37.7)	(24.4)	(24.6)
Net tax loss carryforwards	16.9	19.6	11.8
Provisions for pensions and other employee-related liabilities	31.0	32.1	32.7
Elimination of intra-group gains	19.3	16.5	14.5
Other temporary differences (net)	39.6	38.9	34.9
NET DEFERRED TAX ASSET/(LIABILITY)	**(40.8)**	**(14.7)**	**(17.2)**
Of which:			
Deferred tax assets	38.2	40.2	38.1
Deferred tax liabilities	79.0	54.9	55.3

Deferred taxes arising on other temporary differences essentially include deferred taxes on the non-deductible portion of provisions.

The following table shows changes in net deferred taxes recognised in the balance sheet:

(in € millions)	
Net deferred tax liability at 31 december 2009	**(17.2)**
Deferred tax charges and benefits for the period recognised in profit	2.5
Effect of deferred taxes recognised in equity	1.1
Effect of changes in foreign exchange rates	(2.8)
Effect of changes in the scope of consolidation	
Other	1.7
Net deferred tax liability at 31 december 2010	**(14.7)**
Deferred tax charges and benefits for the period recognised in profit	(14.7)
Effect of deferred taxes recognised in equity	5.9
Effect of changes in foreign exchange rates	(3.2)
Effect of changes in the scope of consolidation	(14.3)
Other	0.2
NET DEFERRED TAX LIABILITY AT 31 DECEMBER 2011	**(40.8)**

Deferred taxes recognised in equity essentially include deferred taxes on derivative hedging instruments and deferred taxes on gains and losses on treasury shares.

Note 8.4. OTHER INFORMATION

At 31 December 2011, the Group had unrecognised deductible temporary differences and tax losses expiring in the following periods:

At 31 December 2011 *(in € millions)*	**Deductible temporary differences**	**Tax losses**	**Total**
2012	0.9		0.9
2013	0.1		0.1
2014	0.1		0.1
2015		3.1	3.1
2016 and beyond	2.1	15.6	17.7
Available indefinitely		49.8	49.8
TOTAL	**3.2**	**68.5**	**71.7**

Unrecognised tax loss carryforwards rose from €63.9 million in 2010 to €68.5 million in 2011. They primarily concerned operations in Germany (€28 million in 2011, €31 million in 2010 and €39 million in 2009), the United States (€15.2 million in 2011, €8.5 million in 2010 and €4.7 million in 2009), Spain (€6 million in 2011, €4 million in 2010, and €11 million en 2009) and the United Kingdom (€7.9 million in 2011, €9.6 million in 2010 and €9 million in 2009).

NOTE 9 EARNINGS PER SHARE

(in € millions)	2011	2010	2009
Numerator			
Profit for the period	234.6	220.4	146.0
After tax effect of dilutive potential ordinary shares			
Profit used to calculate diluted earnings per share	234.6	220.4	146.0
Denominator			
Weighted average number of ordinary shares used to calculate basic earnings per share	47,886,341	47,414,375	46,476,548
Effect of dilutive potential ordinary shares	1,156,943	1,000,136	86,774
Weighted average number of ordinary shares used to calculate diluted earnings per share	49,043,284	48,414,511	46,563,322
Basic earnings per share *(in €)*	**4.90**	**4.65**	**3.14**
Diluted earnings per share *(in €)*	**4.78**	**4.55**	**3.13**

The potential dilution is mainly due to the various stock option plans (see Note 19.2).

NOTE 10 INTANGIBLE ASSETS

In accordance with IAS 38, intangible assets with an indefinite useful life – corresponding to trademarks and goodwill – are no longer amortised but are tested for impairment at each year-end. The impairment testing method is described in Note 1.4.

Intangible assets with a finite useful life are amortised by the straight-line method over their estimated useful life. Amortisation expense is included in "Operating result from activity" (formerly "Operating margin").

The Group also holds certain trademarks – such as the Tefal international brands and the SEB and Calor regional brands – which are not recognised in the balance sheet.

2011 *(in € millions)*	Patents and licences	Trademarks	Goodwill	Software	Development costs	Other	Total
Cost							
At 1 January	19.9	328.0	445.0	40.6	30.9	70.1	934.5
Acquisitions and additions				7.3	5.2	6.1	18.6
Disposals				(2.6)	(4.4)		(7.0)
Other movements [(a)]		25.7	38.9	18.4	4.4	(13.2)	74.2
Translation adjustment	(0.1)	8.4	28.6		(0.9)	3.1	39.1
AT 31 DECEMBER	**19.8**	**362.1**	**512.5**	**63.7**	**35.2**	**66.1**	**1,059.4**
Amortisation and impairment losses							
At 1 January	16.8	7.1	35.9	30.5	20.6	15.8	126.7
Translation adjustment		0.3	1.7	(1.0)		0.4	1.4
Amortisation for the period	0.3			8.5	6.5	1.8	17.1
Impairment losses			10.4		(0.3)	0.3	10.4
Amortisation and impairment losses written off on disposals				(2.4)	(4.0)		(6.4)
Other movements[(a)]				6.1		(6.1)	0.0
AT 31 DECEMBER	**17.1**	**7.4**	**48.0**	**41.7**	**22.8**	**12.2**	**149.2**
Carrying amount at 1 January	3.1	320.9	409.1	10.1	10.3	54.3	807.8
CARRYING AMOUNT AT 31 DECEMBER	**2.7**	**354.7**	**464.5**	**22.0**	**12.4**	**53.9**	**910.2**

(a) Including changes in scope of consolidation.

2010 *(in € millions)*	Patents and licences	Trademarks	Goodwill	Software	Development costs	Other	Total
Cost							
At 1 January	19.1	304.0	406.4	55.8	43.0	59.3	887.6
Acquisitions and additions	0.4			1.6	2.7	15.5	20.2
Disposals	(0.1)			(20.4)	(20.0)	(1.7)	(42.2)
Other movements [(a)]				1.6	5.2	(7.1)	(0.3)
Translation adjustment	0.5	24.0	38.6	2.0		4.0	69.1
AT 31 DECEMBER	**19.9**	**328.0**	**445.0**	**40.6**	**30.9**	**70.1**	**934.5**
Amortisation and impairment losses							
At 1 January	16.4	6.6	19.8	43.5	31.8	10.7	128.8
Translation adjustment	0.2	0.5	1.4	1.4		0.7	4.2
Increases	0.3			6.0	7.9	5.0	19.2
Amortisation for the period			14.7				14.7
Amortisation and impairment losses written off on disposals	(0.1)			(20.4)	(19.1)		(39.6)
Other movements [(a)]						(0.6)	(0.6)
AT 31 DECEMBER	**16.8**	**7.1**	**35.9**	**30.5**	**20.6**	**15.8**	**126.7**
Carrying amount at 1 January	2.7	297.4	386.6	12.3	11.2	48.6	758.8
CARRYING AMOUNT AT 31 DECEMBER	**3.1**	**320.9**	**409.1**	**10.1**	**10.3**	**54.3**	**807.8**

(a) Including changes in scope of consolidation.

2009 *(in € millions)*	Patents and licences	Trademarks	Goodwill	Software	Development costs	Other	Total
Cost							
At 1 January	18.6	300.8	419.8	54.1	35.6	52.8	881.7
Acquisitions and additions	0.2			1.8	3.6	11.4	17.0
Disposals				(2.1)	(0.7)	(0.2)	(3.0)
Other movements [(a)]				0.1	4.4	(3.8)	0.7
Translation adjustment	0.3	3.2	13.4	1.9	0.1	(0.9)	(8.8)
AT 31 DECEMBER	**19.1**	**304.0**	**406.4**	**55.8**	**43.0**	**59.3**	**887.6**
Amortisation and impairment losses							
At 1 January	16.3	6.9		39.5	23.3	7.1	93.1
Translation adjustment	0.1	(0.3)	(0.6)	1.1		(0.2)	0.1
Amortisation for the period	0.2			5.5	8.1	3.4	17.2
Impairment losses			20.4		0.9		21.3
Amortisation and impairment losses written off on disposals				(2.1)	(0.6)		(2.7)
Other movements [(a)]	(0.2)			(0.5)	0.1	0.4	(0.2)
AT 31 DECEMBER	**16.4**	**6.6**	**19.8**	**43.5**	**31.8**	**10.7**	**128.8**
Carrying amount at 1 January	2.3	293.9	419.8	14.6	12.3	45.7	788.6
CARRYING AMOUNT AT 31 DECEMBER	**2.7**	**297.4**	**386.6**	**12.3**	**11.2**	**48.6**	**758.8**

(a) Including changes in scope of consolidation.

In 2011, other movements mainly corresponded to the effect of the changes in scope of consolidation described in Note 2.1.

Trademarks and goodwill were tested for impairment according to the method described in Note 1.4.3. by comparing their carrying amount with their value in use, with the exception of the trademarks mentioned below which were valued using the relief from royalty method.

The discount rates used were determined based on the weighted average cost of capital, taking into account market interest rates, as well as a debt ratio, beta and average equity risk premium based on historical data. The equity risk premium used for 2011 was 5%, unchanged from 2010. Specific equity risk premiums ranging from 0.5% to 4.0% were applied to the Group's different CGUs, according to their size, region and other specific characteristics.

Impairment tests in 2011 were generally based on a 2012 budget similar to the budget for 2011.

The All-Clad CGU – including the trademark for €111.8 million and goodwill for €51 million at 31 December 2011 – was tested for impairment by comparing its carrying amount with its value in use. The value in use calculation was performed based on the sum of discounted future cash flows expected to be derived from the assets concerned as contained in the five-year business plan as well as a terminal value determined by extrapolating the cash flows forecast for the last year of the plan. The main actuarial assumptions used were as follows:

- a discount rate of 9%, marginally up on the 8.83% used in 2010 (9.02% in 2009), reflecting a slight widening of debt spreads; and
- a long-term growth rate of 3%, in line with forecasts for the premium household equipment market, similar to the rate used since All-Clad was acquired.

This test led to the recognition of a €7.2 million impairment loss against All-Clad's goodwill, in addition to the €35.1 million aggregate impairment loss already recorded at 31 December 2010, reflecting the fact that despite the marked turnaround in All-Clad's performance in the second half of 2011 – particularly in terms of sales and margins – the entity's current results are still slightly lower than expected.

The sensitivity of the impairment test results to changes in the individual assumptions used at end-2011 to determine the value in use of the All-Clad CGU is as follows:

- a 0.5- and 1-point increase in the discount rate would result in an additional goodwill impairment loss of €11.6 million and €21.5 million, respectively;
- a 1-point decrease in the growth rate to perpetuity would result in an additional impairment loss of €15.9 million;
- a 1-point decrease in operating result from activity (formerly "Operating margin") in the last year of the business plan – used to calculate terminal value – would result in an additional goodwill impairment loss of €7.2 million;
- as regards the sales trends for 2012-2016, Group management currently considers the most probable scenario to be based on average annual growth of 5.5%. Compared to these forecasts, a 10% downward revision of forecast sales over the entire period would result in an additional goodwill impairment loss of €20.0 million.

Goodwill impairment losses in an aggregate amount of €3.2 million were also recorded in 2011 for Greece and Vietnam.

The carrying amounts of the "Mirro WearEver" brands (Mirro, WearEver and AirBake) totalled an aggregate €4.7 million at 31 December 2011. The impairment test performed at that date on the CGU containing these brands did not result in the recognition of any impairment losses in addition to those already recorded. The main actuarial assumptions used for the 2011 impairment test on this CGU were as follows:

- a discount rate after tax of 8.83%;
- a long-term growth rate of 2%.

A 1-point increase in the discount rate or a 5% downward revision of forecast sales for 2012-2016 would result in the carrying amount of the brands being written down in full.

Impairment tests on other trademarks and goodwill in 2011, 2010 and 2009 did not result in the recognition of any impairment losses.

The carrying amount of the Supor CGU – including the brand for €99 million and goodwill for €351.2 million – was compared with its market value at 31 December 2011, as ZJ Supor is listed on the Shenzen stock exchange and there is a liquid market for its shares. At 31 December 2011, Supor's share price was RMB 16.7, compared with a carrying amount of RMB 14.3.

The Arno, Lagostina, Rowenta, Panex, Krups and Moulinex trademarks – which were carried in the balance sheet at 31 December 2011 at €35.0 million, €30.4 million, €23.2 million, €11.07 million, €7.8 million and €1.0 million respectively – were tested by discounting estimated future royalty revenues from the licensing of the trademarks. The main assumptions used in 2011 were as follows:

- a royalty rate of between 2% and 5.5%, unchanged from 2010 and 2009;
- a post-tax discount rate of between 8.1% (Rowenta) and 13.92% (Arno), versus 7.81%-14.56% in 2010;
- a long-term growth rate of between 1% and 3%, unchanged from 2010 and 2009.

For all of these assets, the sensitivity of value in use to different scenarios was analysed for the period between 2011 and 2015, including their sensitivity to a one-point increase in the discount rate and one-point decrease in the growth rate to perpetuity. The decreases in value in use under each of these simulations would not result in the recognition of any impairment losses on the trademarks concerned in the balance sheet. The test margin on the Lagostina brand would be reduced to zero if the current 2012-2016 sales forecasts were reduced by 25%.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

2011 *(in € millions)*	Land	Buildings	Machinery and equipment	Other	Assets in progress	Total
Cost						
At 1 January	24.3	270.4	729.5	112.0	63.1	1,199.3
Acquisitions and additions	0.1	8.7	39.8	12.0	52.0	112.6
Disposals	(0.2)	(9.0)	(28.3)	(11.0)	(9.7)	(58.2)
Other movements [(a)]	8.2	27.8	73.2	11.1	(59.4)	60.9
Translation adjustment	(0.3)	5.2	4.8	0.3	(0.3)	9.7
AT 31 DECEMBER	**32.1**	**303.1**	**819.0**	**124.4**	**45.7**	**1,324.3**
Depreciation and impairment losses						
At 1 January	6.2	143.7	549.5	73.5		772.9
Translation adjustment		0.4	1.3	0.2		1.9
Depreciation for the period	0.2	12.7	58.6	12.5		84.0
Impairment losses		0.6	1.5			2.1
Depreciation and impairment losses written off on disposals		(5.3)	(26.3)	(10.4)		(42.0)
Other movements [(a)]		(0.7)	24.2	6.4		29.9
AT 31 DECEMBER	**6.4**	**151.4**	**608.8**	**82.2**		**848.8**
Carrying amount at 1 January	18.1	126.7	180.0	38.5	63.1	426.4
CARRYING AMOUNT AT 31 DECEMBER	**25.7**	**151.7**	**210.2**	**42.2**	**45.7**	**475.5**

(a) Including changes in scope of consolidation.

The aggregate carrying amount of the assets of the Omegna manufacturing facility totalled €0.6 million at 31 December 2011, after the €3.1 million additional impairment loss recognised during the year.

2010 *(in € millions)*	Land	Buildings	Machinery and equipment	Other	Assets in progress	Total
Cost						
At 1 January	26.7	272.3	703.6	101.9	41.7	1,146.2
Acquisitions and additions	0.1	10.0	30.5	13.7	66.3	120.6
Disposals	(3.9)	(26.8)	(54.2)	(9.6)	(6.3)	(100.8)
Other movements [(a)]	0.1	5.6	31.9	2.3	(40.2)	(0.3)
Translation adjustment	1.3	9.2	17.7	3.7	1.7	33.6
AT 31 DECEMBER	**24.3**	**270.4**	**729.5**	**112.0**	**63.1**	**1,199.3**
Depreciation and impairment losses						
At 1 January	6.3	150.7	530.0	67.8		754.8
Translation adjustment		2.6	10.2	2.2		15.0
Depreciation for the period	0.3	10.7	57.9	11.2		80.1
Impairment losses		1.0	2.5			3.5
Depreciation and impairment losses written off on disposals	(0.5)	(22.0)	(50.0)	(8.2)		(80.7)
Other movements [(a)]		0.7	(1.1)	0.5		0.1
AT 31 DECEMBER	**6.2**	**143.7**	**549.5**	**73.5**		**772.8**
Carrying amount at 1 January	20.4	121.6	173.6	34.1	41.7	391.4
CARRYING AMOUNT AT 31 DECEMBER	**18.1**	**126.7**	**180.0**	**38.5**	**63.1**	**426.4**

(a) Including changes in scope of consolidation.

2009 *(in € millions)*	Land	Buildings	Machinery and equipment	Other	Assets in progress	Total
Cost						
At 1 January	24.4	253.2	662.0	103.9	44.3	1,087.8
Acquisitions and additions	0.1	13.1	38.2	8.4	32.4	92.2
Disposals	(0.1)	(3.6)	(36.1)	(7.2)	(0.8)	(47.8)
Other movements [a]	0.6	8.0	29.4	(4.4)	(34.7)	(1.1)
Translation adjustment	1.7	1.6	10.1	1.2	0.5	15.1
AT 31 DECEMBER	**26.7**	**272.3**	**703.6**	**101.9**	**41.7**	**1,146.2**
Depreciation and impairment losses						
At 1 January	6.7	136.7	494.0	69.2		706.6
Translation adjustment		1.7	7.3	0.8		9.8
Depreciation for the period	0.3	10.6	55.1	10.7		76.7
Impairment losses		2.2	6.1	0.1		8.4
Depreciation and impairment losses written off on disposals	(0.1)	(3.5)	(32.5)	(6.7)		(42.8)
Other movements [a]	(0.6)	3.0		(6.3)		(3.9)
AT 31 DECEMBER	**6.3**	**150.7**	**530.0**	**67.8**		**754.8**
Carrying amount at 1 January	17.7	116.5	168.0	34.7	44.3	381.2
CARRYING AMOUNT AT 31 DECEMBER	**20.4**	**121.6**	**173.6**	**34.1**	**41.7**	**391.4**

(a) Including changes in scope of consolidation.

The Group's operations are mainly carried out at 24 major plants worldwide, as follows:

Region	Country	Plant	Main products
France	France	Rumilly	Cookware, informal meal appliances, scales
		Selongey	Pressure cookers
		Pont-Évêque	Irons, steam generators, epilators
		Is-sur-Tille	Deep fryers, ovens
		Lourdes	Food processors and choppers
		Mayenne	Food processors, blenders
		Saint-Lô	Electronic components
		Vernon	Vacuum cleaners
Western Europe	Germany	Erbach	Steam irons
	Italy	Omegna	Cookware
North America	United States	Canonsburg	Cookware
South America	Brazil	São Paulo	Washing machines, blenders, fans
		São Bernardo	Cookware
	Colombia	Cajica	Blenders, fans
		Rio Negro	Cookware
		Copacabana	Cookware, plastic items
Asia-Pacific	China	Shanghai	Steam irons, steamers, kettles
		Yuhuan	Cookware
		Wuhan	Cookware
		Hangzhou	Induction hotplates, rice cookers
		Shaoxing	Kettles, electric pressure cookers, induction hotplates
	Vietnam	Ho Chi Minh City	Cookware
		Ho Chi Minh City	Fans
Other countries	Russia	Saint Petersburg	Cookware

The Group owns all of its plants, except the sites of São Bernardo (Brazil) and Shanghai (China).

Logistics warehouses and commercial and office buildings are generally leased, except for the Group's headquarters building in Ecully and another office building in Lyon.

All leases are with unrelated lessors and reflect normal market terms. At 31 December 2011, the aggregate carrying amount of property, plant and equipment held for sale was €3.4 million (€3.2 million at 31 December 2010 and €3.7 million at 31 December 2009).

NOTE 12 LEASES

Finance leases can be analysed as follows:

Net value *(in € millions)*	**2011**	**2010**	**2009**
Land			
Buildings	0.5	0.8	0.3
Machinery and equipment	3.5	2.2	2.5
Other	0.7	0.1	0.1
CARRYING AMOUNT	**4.7**	**3.1**	**2.9**

These amounts are included in the property, plant and equipment totals disclosed in Note 11 – Property, plant and equipment.

Groupe SEB does not have any finance leases related to intangible assets or investment property.

Commitments under finance leases and operating leases are as follows:

2011 *(in € millions)*	**Finance leases**	**Operating leases**
LEASE COMMITMENTS		
Due within one year	1.8	38.5
Due in one to five years	1.6	77.2
Due beyond five years		11.6
TOTAL MINIMUM FUTURE LEASE PAYMENTS	**3.4**	**127.2**
Future interest costs	0.8	
DISCOUNTED PRESENT VALUE OF LEASE COMMITMENTS	**4.2**	**127.2**

Lease payments recorded in expenses for the year are as follows:

(in € millions)	**2011**	**2010**	**2009**
Lease payments	49.7	40.1	32.8

NOTE 13 INVESTMENTS IN ASSOCIATES, OTHER INVESTMENTS AND OTHER NON-CURRENT FINANCIAL ASSETS

Note 13.1. INVESTMENTS

13.1.1. Investments in associates

The Group did not have any investments in associates at 31 December 2011.

13.1.2. Other investments

At 31 December 2011 this line contained the Group's investment in the Indian company Maharaja Whiteline, which was not yet consolidated at that date (see Note 2.1).

Note 13.2. OTHER NON-CURRENT FINANCIAL ASSETS

These assets mainly comprise guarantee deposits, chiefly for property leases.

NOTE 14 PRODUCT DEVELOPMENT COSTS

(in € millions)	2011	2010	2009
RESEARCH AND DEVELOPMENT EXPENDITURE	**68.7**	**68.1**	**59.0**
as a % of revenue	1.7%	1.9%	1.9%
CAPITALISED DEVELOPMENT COSTS	**(5.2)**	**(8.1)**	**(9.0)**
as a % of R&D expenditure	7.6%	11.9%	15.3%
RESEARCH AND DEVELOPMENT COSTS RECOGNISED DIRECTLY IN THE INCOME STATEMENT (NOTE 4)	**(63.5)**	**(60.0)**	**(50.0)**
AMORTISATION FOR THE PERIOD RECOGNISED IN COST OF SALES	**(6.6)**	**(9.1)**	**(8.1)**
TOTAL COST RECOGNISED IN THE INCOME STATEMENT	**(70.1)**	**(69.1)**	**(58.1)**
as a % of revenue	1.8%	1.9%	1.8%

In 2011, research and development expenditure totalled €68.7 million compared with €68.1 million in 2010.

The research tax credit deducted from the amounts above stood at €5.6 million in 2011, €5.2 million in 2010 and €5.4 million in 2009.

Capitalised development costs amounted to €5.2 million, versus €8.1 million in 2010 and €9.0 million in 2009.

In all, research and development costs recognised in the income statement came to €70.1 million, versus €69.1 million in 2010 and €58.1 million in 2009.

NOTE 15 INVENTORIES

	2011			2010			2009		
(in € millions)	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount	Cost	Depreciation	Carrying amount
Raw materials	199.2	(9.6)	189.6	180.2	(12.5)	167.7	137.4	(12.2)	125.2
Work in progress	9.1	(0.1)	9.0	12.6	(1.0)	11.6	13.7	(0.6)	13.1
Finished products and goods purchased for resale	518.1	(14.5)	503.6	469.2	(13.0)	456.2	350.7	(22.7)	328.0
TOTAL	**726.4**	**(24.2)**	**702.2**	**662.0**	**(26.5)**	**635.5**	**501.8**	**(35.5)**	**466.3**

NOTE 16 TRADE RECEIVABLES

(in € millions)	2011	2010	2009
Trade receivables (including discounted bills)	849.1	749.4	650.0
Provision for doubtful debt	(20.7)	(15.5)	(22.9)
CARRYING AMOUNT	**828.4**	**733.9**	**627.1**

The fair value of trade receivables is equivalent to their carrying amount, in view of their short maturities.

A receivables aging analysis is presented in Note 26.4.

NOTE 17 OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES

(in € millions)	2011	2010	2009
OTHER NON-CURRENT ASSETS	**7.7**	**4.2**	**5.0**
Prepaid expenses	11.3	10.0	8.9
Prepaid and recoverable taxes and other	60.3	49.4	39.2
OTHER RECEIVABLES	**71.6**	**59.4**	**48.1**

The fair value of other non-current assets and other receivables is equivalent to their carrying amount.

At 31 December 2011, other non-current assets and other receivables broke down as follows:

(in € millions)	Other receivables	Other non-current assets	Total
Prepaid expenses	11.3	2.6	13.9
Prepaid and recoverable taxes and other	60.3	5.1	65.4
TOTAL	**71.6**	**7.7**	**79.3**

NOTE 18 CASH AND CASH EQUIVALENTS

(in € millions)	2011	2010	2009
Cash	183.5	181.9	227.9
Marketable securities	12.5	54.7	79.9
TOTAL	**196.0**	**236.6**	**307.8**

Cash equivalents at 31 December 2011 consisted mainly of very short-term investments, such as SICAV money market funds, measured at market value at the balance sheet date.

NOTE 19 EQUITY

Note 19.1. SHARE CAPITAL

At 31 December 2011, 2010 and 2009 the Company's share capital was made up of 49,951,826 shares with a par value of €1 each.

The most recent corporate action took place in 2009, when in accordance with the Board of Directors' decision of 27 February 2009, SEB S.A. cancelled 1,000,000 of the shares held in treasury by the Group at 31 March 2009.

One class of shares carries double voting rights and the right to a supplementary dividend.

After deduction of treasury shares, the weighted average number of shares outstanding in 2011 was 47,886,341 (47,414,375 in 2010 and 46,476,548 in 2009).

At 31 December 2011, the family group owned 43.62% of the Company's capital (breaking down as 23.58% held by FÉDÉRACTIVE and 20.04% by VENELLE INVESTISSEMENT) and 59.57% of the voting rights.

Note 19.2. STOCK OPTIONS AND PERFORMANCE SHARES

19.2.1. Stock options

No stock option plans were set up in 2011. Information about stock option plans at 31 December 2011 is provided below:

STOCK OPTIONS

At 31 December 2011		Date		Number of options**				
Type of option	Option grant date***	Option exercise date	Option expiry date	Granted	Exercised	Cancelled	Outstanding	Exercise price** (in €)
To purchase existing shares	18/06/2003	18/06/2007	18/06/2011	612,150	580,128	32,022	0	24.24
To purchase existing shares	18/06/2004	18/06/2008	18/06/2012	539,100	343,043	17,400	178,657	31.67
To purchase existing shares	08/04/2005	08/04/2009	08/04/2013	554,700	379,647	20,100	154,953	28.00
To purchase existing shares	16/06/2006	16/06/2010	16/06/2014	589,798	367,147	14,707	207,944	29.33
To purchase existing shares	20/04/2007	20/04/2011	20/04/2015	579,150	129,466	8,100	441,584	44.00
To purchase existing shares	13/05/2008	13/05/2012	13/05/2016	1,005,900	0	21,300	984,600	38.35
To purchase existing shares	12/06/2009	12/06/2013	12/06/2017	371,300	0	3,600	367,700	28.05
To purchase existing shares	18/06/2010	18/06/2014	18/06/2018	412,592	0	750	411,842	53.86
TOTAL*				**4,664,690**	**1,799,431**	**117,979**	**2,747,280**	
* Of which, movements in 2011				0	275,642	11,192	(286,834)	

*** The number of options and the exercise price for plans set up prior to 16 June 2008 were adjusted following the three-for-one stock split that took place on 16 June 2008.*
**** The grant date corresponds to the date of the Board Meeting when the option grants were decided.*

In accordance with IFRS 2 – Share-based Payment, stock options are measured at the grant date. The valuation method used is based on the Black & Scholes option pricing model. The initial valuation is not adjusted for any subsequent changes in value after the grant date.

The value is recognised in employee benefits expense on a straight-line basis over the option vesting period by adjusting equity.

IFRS 2 has been applied only to stock options granted after 7 November 2002 that had not yet vested at 1 January 2005. As allowed under IFRS 2, options granted before 7 November 2002 have not been measured or recognised in the accounts.

The amount recognised in employee benefits expense in 2011 in respect of stock options was €3.9 million, versus €5.0 million in 2010 and €5.8 million in 2009. The assumptions used to estimate options under the Black & Scholes model were as follows:

	2010 plan	2009 plan	2008 plan	2007 plan
INITIAL VALUE *(in € millions)*	**4.5**	**2.1**	**8.7**	**6.8**
AMOUNT RECOGNISED IN EMPLOYEE BENEFITS EXPENSE *(in € millions)*	**1.2**	**0.5**	**1.8**	**0.4**
Assumptions				
Share price at the option grant date *(in €)*	53.9	29.7	37.6	44.0
Volatility	25.0%	26.0%	25.0%	30.0%
Five-year risk-free interest rate	3.40%	3.50%	4.50%	4.42%
Exercise price *(in €)*	53.86	28.05	38.35	44.00
Life of the options *(in years)* [(a)]	5	5	5	5
Dividend rate	2.8%	3.0%	2.5%	2.0%

(a) Corresponding to the average exercise period.

19.2.2. Performance shares

In 2009 and 2010, the Board of Directors granted performance shares to certain employees and corporate officers.

Shares granted under the plan are subject to a two-year vesting period and certain performance obligations. The performance targets concern growth in revenue and operating result from activity (formerly "operating margin") and are the same as those used to determine senior management bonuses. Vested shares are subject to a two-year lock-up.

Further information on the performance share plans is provided in the table below:

At 31 December 2011	Date			Number of shares				
Type of plan	Grant date*	Vesting date	End of lock-up	Granted	Vested	Cancelled	Outstanding	Share price at grant date**
Performance shares	12/06/2009	12/06/2011	12/06/2013	50,472	49,571	901	0	30.08
Performance shares	18/06/2010	18/06/2012	18/06/2014	58,363	0	0	58,363	55.00

* *The grant date corresponds to the date of the Board Meeting when the performance share grants were decided.*
** *Opening price on the day of the Board of Directors' Meeting.*

The fair value of performance shares includes a discount to reflect the impact of the lock-up period. The measurement method used to determine this discount is based on a strategy that consists of selling the shares under a four-year forward contract (corresponding to the vesting/lock-up period) and immediately purchasing an equivalent number of shares free of any restrictions, with the purchase financed by debt repayable at the end of the lock-up using the proceeds from the forward sale and dividends received during the lock-up period.

The main assumptions used to determine the fair value of performance shares were as follows:

	2010 plan	2009 plan
ASSUMPTIONS		
Share price on the grant date *(in €)*	55.00	30.80
Four-year risk-free interest rate	3.28%	2.50%
Average interest rate on a four-year general purpose loan	6.88%	6.90%
Dividend rate	2.36%	3.28%
INITIAL VALUE *(in € millions)*	**2.7**	**1.2**
COST RECOGNISED IN EMPLOYEE BENEFITS EXPENSE IN 2011 *(in € millions)*	**1.0**	**0.2**

Note 19.3. RESERVES AND RETAINED EARNINGS (BEFORE APPROPRIATION OF PROFIT)

Reserves and retained earnings include the reserves recorded in the balance sheet of SEB S.A. (including €766 million available for distribution at 31 December 2011, €747 million at 31 December 2010 and €753 million at 31 December 2009), and SEB S.A.'s shares of the post-acquisition retained earnings of consolidated subsidiaries.

SEB S.A.'s share of the retained earnings of foreign subsidiaries is considered as being permanently reinvested and withholding taxes or additional taxes on distributed income are recognised only when distribution of these amounts is planned or considered probable.

Note 19.4. TREASURY STOCK

The Group's share buyback policy is to acquire shares:

- for cancellation in order to reduce the Company's capital;
- for allocation to employees, managers or senior executives of the Company or of related companies upon exercise of stock options;
- for delivery on redemption, conversion, exchange or exercise of share equivalents.

Share buybacks are carried out based on market opportunities and only when the Group has sufficient cash to fund the transactions.

In 2011, the Group bought back 991,520 SEB shares on the market at a weighted average price of €64.76 and sold 640,421 shares on the market at an average price of €46.55. The after-tax loss on the sales, in the amount of €1.9 million, was recognised directly in equity without affecting profit for the period.

At 31 December 2011, the Group held 2,331,797 shares in treasury, acquired at an average price of €39.99.

Movements in 2011, 2010 and 2009 were as follows:

(in number of shares)	2011	2010	2009
Shares held in treasury at 1 January	1,980,698	3,149,443	4,376,100
Purchases			
Buyback plan	671,591		149,072
Liquidity contract	319,929	264,329	578,136
Sales			
Shares sold on the market	(315,208)	(279,525)	(570,601)
Shares allocated on exercise of stock options	(325,213)	(1,153,549)	(383,264)
SHARES CANCELLED DURING THE PERIOD			**(1,000,000)**
SHARES HELD IN TREASURY AT 31 DECEMBER	**2,331,797**	**1,980,698**	**3,149,443**

NOTE 20 NON-CONTROLLING INTERESTS

Changes in non-controlling interests were as follows:

(in € millions)	2011	2010	2009
AT 1 JANUARY	**173.1**	**138.8**	**131.6**
Non-controlling interests in profit	26.4	23.2	16.8
Dividends paid	(8.4)	(4.7)	(4.8)
Exercise of stock options			
Non-controlling interests in share issues by subsidiaries			
Changes in scope of consolidation and acquisition by the Group of non-controlling interests in subsidiaries	(82.7)		
Translation adjustment	15.0	15.8	(4.8)
AT 31 DECEMBER	**123.4**	**173.1**	**138.8**

Since 31 December 2008, non-controlling interests have primarily concerned ZJ Supor and changes since that date have mainly reflected changes in ZJ Supor's retained earnings, corresponding essentially to recognition of profit for the period and the effect of translating the company's financial statements. However, changes may occur exceptionally as a result of purchases, sales or any other voluntary adjustments to the Group's interest in ZJ Supor.

The decrease in non-controlling interests in 2011 was directly attributable to the Group's acquisition of an additional 20% stake in ZJ Supor from minority shareholders, for €406 million. The carrying amount of the non-controlling interests transferred to the Group as a result of this transaction was €83.8 million.

At 31 December 2011, non-controlling interests also included the 35% stake in Asia Fan held by minority shareholders following the Group's acquisition of 65% of this company's capital. These non-controlling interests have been provisionally valued at €1.3 million.

NOTE 21 PROVISIONS

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

	2011		2010		2009	
(in € millions)	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Pension and other post-employment benefit obligations (Note 22)	82.5	7.3	78.0	6.0	76.4	7.6
Product warranties (Note 21.1)	3.5	25.8	3.0	31.8	3.4	35.6
Claims and litigation and other contingencies (Note 21.2)	31.7	22.3	25.0	25.5	17.5	14.4
Restructuring provisions (Note 21.3)	9.9	6.7	14.0	15.0	14.0	29.3
TOTAL	**127.6**	**62.1**	**120.0**	**78.3**	**111.3**	**86.9**

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

(in € millions)	1 January 2011	Increases	Reversals	Utilisations	Other movements (a)	31 December 2011
Product warranties (Note 21.1)	34.9	17.0	4.0	18.0	(0.6)	29.3
Claims and litigation and other contingencies (Note 21.2)	50.4	21.1	9.6	11.1	3.2	54.0
Restructuring provisions (Note 21.3)	29.0	5.7	16.9	1.3	0.1	16.6
TOTAL	**114.3**	**43.8**	**30.5**	**30.4**	**2.7**	**99.9**

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

(in € millions)	1 January 2010	Increases	Reversals	Utilisations	Other movements (a)	31 December 2010
Product warranties (Note 21.1)	39.0	24.7	1.1	26.4	(1.3)	34.9
Claims and litigation and other contingencies (Note 21.2)	32.0	25.1	1.7	9.7	4.7	50.4
Restructuring provisions (Note 21.3)	43.3	8.4	4.5	18.8	(0.6)	29.0
TOTAL	**114.3**	**58.2**	**7.3**	**54.9**	**(1.9)**	**114.3**

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

(in € millions)	1 January 2009	Increases	Reversals	Utilisations	Other movements (a)	31 December 2009
Product warranties (Note 21.1)	39.4	32.5	1.7	31.2		39.0
Claims and litigation and other contingencies (Note 21.2)	29.7	24.1	6.1	15.4	(0.3)	32.0
Restructuring provisions (Note 21.3)	26.0	27.5	1.2	10.2	1.2	43.3
TOTAL	**95.1**	**84.1**	**9.0**	**56.8**	**0.9**	**114.3**

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

Note 21.1. PRODUCT WARRANTIES

Provisions are recorded for the estimated cost of repairing or replacing products sold under warranty to customers and consumers. The warranty, which is either legal or contractual, is generally for a period of one or two years. Provisions for product recalls are recorded as soon as the recall is decided.

Note 21.2. CLAIMS AND LITIGATION AND OTHER CONTINGENCIES

Certain subsidiaries are involved in claims and litigation with third parties. The corresponding provisions have been determined in accordance with the principle described in Note 1.4.

At 31 December 2011, 2010 and 2009 the main provisions were as follows:

(in € millions)	2011	2010	2009
Supplier claims and litigation	5.5	1.9	2.6
Local government claims, litigation and contingencies	14.5	13.5	6.4
Commercial claims, litigation and contingencies	4.4	3.6	1.1
Employee claims, litigation and contingencies	13.6	14.2	15.1
Sales returns	0.6	1.0	3.2
Other claims, litigation and contingencies	15.4	16.2	3.5
TOTAL	**54.0**	**50.4**	**31.9**

Note 21.3. RESTRUCTURING PROVISIONS

Restructuring provisions break down as follows: :

(in € millions)	2011	2010	2009
Severance costs	14.9	22.8	36.8
Site closure costs	1.7	6.2	6.5
TOTAL	**16.6**	**29.0**	**43.3**

The short-term portion of the 2011 restructuring provision amounted to €6.7 million. The remaining €10.0 million concern costs expected to be incurred over the next one to five years, mainly for early retirement schemes and for rent on sites no longer being used.

NOTE 22 EMPLOYEE BENEFITS

Note 22.1. ASSUMPTIONS

Provisions for pension and other post-employment benefit obligations, determined as explained in Note 1.4, mainly concern France and Germany.

The obligations are estimated by qualified actuaries using a certain number of assumptions. These assumptions are revised once a year.

Discount rates are determined based on the yields of investment grade corporate bonds with maturities that match the remaining life of the obligations at the measurement date.

Assumptions	France 2011	Germany 2011
Economic assumptions		
Rate of salary increases	3.00%	2.50%
Discount rate	4.75%	4.75%
Expected return on plan assets	3.95%	
Average remaining service life of participating employees		6 to 9 years
Demographic assumptions		
Retirement age	60 to 65 [(a)]	RRG 2007
Staff turnover	0% to 11%	
Mortality tables	INSEE TV 2007-2009	HEUBECK 2005 G

(a) Depending on the age of employees and their category (management or other).

Assumptions	France 2010	Germany 2010
Economic assumptions		
Rate of salary increases	3.00%	2.50%
Discount rate	4.25%	4.25%
Expected return on plan assets	4.00%	
Average remaining service life of participating employees		7 to 9 years
Demographic assumptions		
Retirement age	60 to 65 [(a)]	RRG 2007
Staff turnover	0% to 11%	
Mortality tables	INSEE TV 2006-2008	HEUBECK 2005 G

(a) Depending on the age of employees and their category (management or other)

Assumptions	France 2009	Germany 2009
Economic assumptions		
Rate of salary increases	3.00%	2.50%
Discount rate	5.25%	5.25%
Expected return on plan assets	4.50%	
Average remaining service life of participating employees		7 to 10 years
Demographic assumptions		
Retirement age	60 to 65 [(a)]	RRG 2007
Staff turnover	0% to 11%[(a)]	
Mortality tables	INSEE TV 2004-2006	HEUBECK 2005 G

(a) Depending on the age of employees and their category (management or other).

Note 22.2. ANALYSIS OF PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The total obligation breaks down as follows:

				2011
(in € millions)	**France**	**Germany**	**Other countries**	**Total**
Projected benefit obligation based on final salaries	83.0	57.7	28.3	169.0
Present value of plan assets	(32.1)	(2.8)	(14.0)	(48.9)
DEFICIT	**50.9**	**54.9**	**14.3**	**120.1**
Unrecognised gains and (losses)	(23.1)	(3.9)	(3.2)	(30.2)
Initial benefit obligation				0.0
Unrecognised past service cost				0.0
Recognised liability	27.8	51.0	11.1	89.9
Recognised asset				
NET	**27.8**	**51.0**	**11.1**	**89.9**

				2010
(in € millions)	**France**	**Germany**	**Other countries**	**Total**
Projected benefit obligation based on final salaries	82.6	62.2	25.6	170.4
Present value of plan assets	(32.8)	(2.5)	(13.8)	(49.1)
DEFICIT	**49.8**	**59.7**	**11.8**	**121.3**
Unrecognised gains and (losses)	(26.6)	(7.8)	(2.9)	(37.3)
Initial benefit obligation				
Unrecognised past service cost				
Recognised liability	23.2	51.9	8.9	84.0
Recognised asset				
NET	**23.2**	**51.9**	**8.9**	**84.0**

				2009
(in € millions)	**France**	**Germany**	**Other countries**	**Total**
Projected benefit obligation based on final salaries	68.7	56.7	20.0	145.4
Present value of plan assets	(26.2)	(2.3)	(10.8)	(39.3)
DEFICIT	**42.5**	**54.4**	**9.2**	**106.1**
Unrecognised gains and (losses)	(19.6)	(1.6)	(0.9)	(22.1)
Initial benefit obligation				
Unrecognised past service cost				
Recognised liability	22.9	52.8	8.3	84.0
Recognised asset				
NET	**22.9**	**52.8**	**8.3**	**84.0**

Obligations for the payment of jubilees, calculated using the same actuarial assumptions as for pension obligations, amounted to €5.7 million at 31 December 2011, €6.0 million at 31 December 2010 and €5.7 million at 31 December 2009.

Note 22.3. RECOGNISED COST

The cost recognised in the income statement for pension and other post-employment benefit plans breaks down as follows:

				2011
(in € millions)	France	Germany	Other countries	Total
Service cost	5.0	0.4	1.3	6.7
Interest cost	3.4	2.6	0.9	6.9
Expected return on plan assets	(1.3)		(0.6)	(1.9)
Recognised (gains) and losses and other	1.5	0.3	(1.2)	0.6
COST FOR THE PERIOD	**8.6**	**3.3**	**0.4**	**12.3**

				2010
(in € millions)	France	Germany	Other countries	Total
Service cost	4.2	0.3	1.2	5.7
Interest cost	3.5	2.9	0.6	7.0
Expected return on plan assets	(1.2)		(0.5)	(1.7)
Recognised (gains) and losses and other	1.9	0.1	(0.1)	1.9
COST FOR THE PERIOD	**8.4**	**3.3**	**1.2**	**12.9**

				2009
(in € millions)	France	Germany	Other countries	Total
Service cost	3.6	0.3	1.1	5.0
Interest cost	3.6	3.1	0.5	7.2
Expected return on plan assets	(1.2)		(0.5)	(1.7)
Recognised (gains) and losses and other	2.3		0.2	2.5
COST FOR THE PERIOD	**8.3**	**3.4**	**1.3**	**13.0**

Note 22.4. MOVEMENTS IN PROVISIONS

Movements in provisions for pension and other post-employment benefit obligations break down as follows:

(in € millions)	2011	2010	2009
Net at 1 January	84.0	84.0	84.4
Cost for the period	12.3	12.9	13.0
Contributions paid	(10.7)	(14.2)	(14.3)
Other movements [(a)]	4.3	1.3	0.9
NET AT 31 DECEMBER	**89.9**	**84.0**	**84.0**

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

Note 22.5. MOVEMENTS IN PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

2011 PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

(in € millions)	France	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2011	**82.6**	**87.8**	**170.4**
Service cost	5.0	1.7	6.7
Interest cost	3.4	3.5	6.9
Benefits paid	(4.0)	(5.9)	(9.9)
Plan amendments		0.1	0.1
Changes in assumptions	(4.0)	(3.1)	(7.1)
Curtailments/settlements		(0.8)	(0.8)
Actuarial gains and losses and other		(2.7)	(2.7)
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2011	**83.0**	**86.0**	**169.0**

2010 PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

(in € millions)	France	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2010	**68.7**	**76.7**	**145.4**
Service cost	4.2	1.5	5.7
Interest cost	3.5	3.5	7.0
Benefits paid	(4.5)	(5.1)	(9.6)
Plan amendments	2.2	0.1	2.3
Changes in assumptions	8.9	6.3	15.2
Curtailments/settlements			
Actuarial gains and losses and other	(0.4)	4.8	4.4
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2010	**82.6**	**87.8**	**170.4**

2009 PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

(in € millions)	France	Other countries	Total
PROJECTED BENEFIT OBLIGATION AT 1 JANUARY 2009	**67.7**	**71.4**	**139.1**
Service cost	3.6	1.4	5.0
Interest cost	3.6	3.6	7.2
Benefits paid	(10.0)	(4.7)	(14.7)
Plan amendments	0.5	0.1	0.6
Changes in assumptions	4.8	4.6	9.4
Curtailments/settlements		(0.2)	(0.2)
Actuarial gains and losses and other	(1.5)	0.5	(1.0)
PROJECTED BENEFIT OBLIGATION AT 31 DECEMBER 2009	**68.7**	**76.7**	**145.4**

Note 22.6. ANALYSIS OF PLAN ASSETS

CHANGE IN PLAN ASSETS IN 2011

(in € millions)	France	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2011	**32.8**	**16.3**	**49.1**
Expected return on plan assets	(0.7)	0.7	0.0
Contributions paid		1.4	1.4
Benefits paid		(0.6)	(0.6)
Actuarial gains and losses and other		(1.0)	(1.0)
PLAN ASSETS AT 31 DECEMBER 2011	**32.1**	**16.8**	**48.9**

CHANGE IN PLAN ASSETS IN 2010

(in € millions)	France	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2010	**26.2**	**13.1**	**39.3**
Expected return on plan assets	3.1	0.5	3.6
Contributions paid	3.5	1.3	4.8
Benefits paid		(0.3)	(0.3)
Actuarial gains and losses and other		1.7	1.7
PLAN ASSETS AT 31 DECEMBER 2010	**32.8**	**16.3**	**49.1**

CHANGE IN PLAN ASSETS IN 2009

(in € millions)	France	Other countries	Total
PLAN ASSETS AT 1 JANUARY 2009	**24.4**	**11.4**	**35.8**
Expected return on plan assets	3.3	0.6	3.9
Contributions paid	4.0	1.4	5.4
Benefits paid	(5.5)	(0.3)	(5.8)
Actuarial gains and losses and other			
PLAN ASSETS AT 31 DECEMBER 2009	**26.2**	**13.1**	**39.3**

Plan assets in France are managed by an insurance company and are invested as follows:

- approximately 15% in the general assets of the insurance company, primarily composed of government bonds, corporate bonds mostly rated AAA or AA, shares in international blue-chip companies (managed directly) and high-yield office property;
- approximately 50% in corporate bond funds;
- the balance in equity funds.

The actual return on plan assets for 2011 should be in line with the expected rate. Actuarial gains and losses generated in 2012 are not expected to be material.

Plan assets in other countries primarily comprise funds invested with an insurer amounting to €11.7 million, relating to the obligations of Groupe SEB Nederland.

Note 22.7. EARLY RETIREMENT SCHEMES

As part of the employee support measures implemented in connection with the industrial reorganisation carried out in France (see Note 6), in mid-2006 Groupe SEB offered eligible employees the possibility of early retirement. The programme was in addition to the early retirement scheme for workers exposed to asbestos at the Fresnay site, which formed part of the assets acquired from Moulinex S.A. in 2001. A total of 102 employees benefited from the “asbestos scheme” as of 31 December 2011.

A provision was recorded at 31 December 2006 to cover the Group’s obligations under the programme, discounted at a rate of 3.75% as the amounts will be paid out in the medium term. At 31 December 2011, the provision amounted to €5.8 million, versus €9.6 million at 31 December 2010 and €11.1 million at 31 December 2009 (see Note 21.3).

NOTE 23 TRADE PAYABLES AND OTHER LIABILITIES

(in € millions)	2011	2010	2009
TRADE PAYABLES	**515.6**	**494.4**	**398.0**
Accrued taxes and employee benefits expense	244.5	247.9	198.9
Due to suppliers of non-current assets	14.4	12.5	8.8
Other payables	6.6	14.1	11.7
OTHER LIABILITIES	**265.5**	**274.5**	**219.4**

At 31 December 2011, trade payables and other liabilities broke down as follows:

	Current	Non-current	Total
TRADE PAYABLES	**515.6**		**515.6**
Accrued taxes and employee benefits expense	218.7	25.8	244.5
Due to suppliers of non-current assets	14.4		14.4
Other payables	5.6	1.0	6.6
OTHER LIABILITIES	**238.7**	**26.8**	**265.5**

Non-current accrued taxes and employee benefits expense correspond mainly to employee time savings accounts in France.

NOTE 24 BORROWINGS

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Note 24.1. TOTAL BORROWINGS

(in € millions)	2011	2010	2009
Bank borrowings	494.7	171.0	274.6
Finance lease liabilities	2.5	1.6	1.7
Other debt	4.1	1.9	2.3
Non-discretionary profit sharing liability	32.8	25.4	22.5
LONG-TERM BORROWINGS	**534.1**	**199.9**	**301.1**
Bank borrowings	114.7	53.8	113.3
Commercial paper	173.3	100.0	100.0
Current portion of long-term borrowings	44.1	18.2	33.4
SHORT-TERM BORROWINGS	**332.1**	**172.0**	**246.7**
TOTAL BORROWINGS	**866.2**	**371.9**	**547.8**

At 31 December 2011, the Group's borrowings were comprised of short-term and long-term borrowings.

Bank borrowings consist of:

- a €10.0 million short-term credit line set up in France;
- a Schuldschein loan for €113.5 million due in 2013;
- a Schuldschein loan for €47.5 million due in 2015;
- €298.5 million bond debt maturing in 2016.

At 31 December 2011, the weighted average interest rate on long-term borrowings denominated in euros was 4.58%, compared with 4.38% at 31 December 2010.

A traditional source of financing for the Group is its €600 million commercial paper programme, which is rated A2 by Standard & Poor's. Outstanding commercial paper under this programme totalled €173.3 million at the year-end.

CHARACTERISTICS OF BORROWINGS (NOMINAL AMOUNTS)

At 31 December 2011 *(in € millions)*	Issuing currency	Due	Outstanding balance	Due: in less than 1 year	Due: in 1 to 5 years	Due: in more than 5 years	Original interest rate	Rate after hedging
French loan	EUR	2012	10.0	10.0			Floating Euribor	Fixed
Schuldschein loan	EUR	2013	55.0		55.0		Fixed	
Schuldschein loan	EUR	2013	58.5		58.5		Floating Euribor	
Schuldschein loan	EUR	2015	30.0		30.0		Fixed	
Schuldschein loan	EUR	2015	17.5		17.5		Floating Euribor	
Bonds	EUR	2016	298.5		298.5		Fixed	
Commercial paper	EUR	2012	173.3	173.3			Floating Euribor	Floating (a)
Other bank borrowings, incl. overdrafts	-		182.3	143.0	39.0	0.3	Floating	
Finance lease liabilities	-	-	4.2	1.7	2.5			
Non-discretionary profit sharing liability	EUR	-	36.9	4.1	32.8			
TOTAL			**866.2**	**332.1**	**533.8**	**0.3**		

(a) *A portion of issued commercial paper is hedged by floating-rate cross-currency swaps in order to cover subsidiaries' financing needs in their functional currency. Consequently, interest rates on this financing are those applicable to borrowings in the main currencies concerned, i.e. US dollars, pounds sterling and Mexican pesos (see Note 26.2).*

All commercial paper is due in less than three months.

LOAN MATURITIES (UNDISCOUNTED NOMINAL AMOUNTS, INCLUDING ACCRUED INTEREST)

At 31 December 2011 *(in € millions)*	Issuing currency	Due	Scheduled repayments	Due: in less than 1 year	Due: in 1 to 5 years	Due: in more than 5 years
French loan	EUR	2012	10.0	10.0		
Schuldschein loan	EUR	2013	61.7	3.4	58.3	
Schuldschein loan	EUR	2013	60.1	1.0	59.1	
Schuldschein loan	EUR	2015	37.6	1.9	35.7	
Schuldschein loan	EUR	2015	18.6	0.4	18.2	
Bonds	EUR	2016	366.7	13.7	353.0	
TOTAL			**554.7**	**30.4**	**524.3**	**0.0**

CONFIRMED CREDIT FACILITIES

The Group also has unused, confirmed credit facilities that break down as follows by maturity:

At 31 December *(in € millions)*	Confirmed credit facilities 2011*
2012	637
2013	613
2014	583
2015	560
2016	

* *Unused confirmed lines of credit at 31 December 2011, of which:*
- *a €30.0 million bilateral credit facility expiring in 2013;*
- *a €46.8 million syndicated credit facility expiring in 2014;*
- *a €560.0 million syndicated credit facility expiring in February 2016.*

None of these credit lines include any acceleration clauses.

Note 24.2. NET DEBT

(in € millions)	2011	2010	2009
Long-term borrowings	534.1	199.9	301.1
Short-term borrowings	332.1	172.0	246.7
TOTAL BORROWINGS	**866.2**	**371.9**	**547.8**
Cash and cash equivalents, net	(196.0)	(236.6)	(307.8)
Derivative instruments, net	2.6	(4.2)	3.4
NET DEBT	**672.8**	**131.1**	**243.4**

Net debt corresponds to total long- and short-term borrowings less cash and cash equivalents and derivative instruments used for Group financing purposes that are readily convertible into cash.

At 31 December 2011, no borrowings were subject to acceleration clauses. Only undrawn credit facilities were subject to debt covenants that could have an impact on the interest rate of the debt.

NOTE 25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Note 25.1. FINANCIAL INSTRUMENTS

	2011		Financial instruments by category				
(in € millions)	Carrying amount	Fair value	At fair value through profit (excl. derivatives)	Available for sale	Loans and receivables	Held to maturity	Derivative instruments
Assets							
Investments in non-consolidated companies	0.4	0.4		0.4			
Other non-current financial assets	9.5	9.5			9.5		
Other non-current assets	7.7	7.7			7.7		
Trade receivables	828.4	828.4			828.4		
Other current receivables, excl. prepaid expenses	60.3	60.3			60.3		
Derivative instruments	8.1	8.1					8.1
Cash and cash equivalents	196.0	196.0	196.0				
TOTAL FINANCIAL ASSETS	**1,110.4**	**1,110.4**	**196.0**	**0.4**	**905.9**	**0**	**8.1**
Liabilities							
Long-term borrowings	534.1	552.5				552.5	
Other non-current liabilities	26.8	26.8				26.8	
Trade payables	515.6	515.6				515.6	
Other current liabilities	238.7	238.7				238.7	
Derivative instruments	17.6	17.6					17.6
Short-term borrowings	332.1	332.1				332.1	
TOTAL FINANCIAL LIABILITIES	**1,664.9**	**1,683.3**	**0**	**0**	**0**	**1,665.7**	**17.6**

(in € millions)	2010 Carrying amount	Fair value	Financial instruments by category At fair value through profit (excl. derivatives)	Available for sale	Loans and receivables	Held to maturity	Derivative instruments
Assets							
Investments in non-consolidated companies	0.5	0.5		0.5			
Other non-current financial assets	7.9	7.9			7.9		
Other non-current assets	4.2	4.2			4.2		
Trade receivables	733.9	733.9			733.9		
Other current receivables, excl. prepaid expenses	48.2	48.2			48.2		
Derivative instruments	16.6	16.6					16.6
Cash and cash equivalents	236.6	236.6	236.6				
TOTAL FINANCIAL ASSETS	**1,047.9**	**1,047.9**	**236.6**	**0.5**	**794.2**	**0**	**16.6**
Liabilities							
Long-term borrowings	199.9	212.7				212.7	
Other non-current liabilities	23.7	23.7				23.7	
Trade payables	494.4	494.4				494.4	
Other current liabilities	250.8	250.8				250.8	
Derivative instruments	6.1	6.1					6.1
Short-term borrowings	172.0	172.0				172.0	
TOTAL FINANCIAL LIABILITIES	**1,146.9**	**1,159.7**	**0.0**	**0.0**	**0.0**	**1,153.6**	**6.1**

(in € millions)	2009 Carrying amount	Fair value	Financial instruments by category At fair value through profit (excl. derivatives)	Available for sale	Loans and receivables	Held to maturity	Derivative instruments
Assets							
Investments in non-consolidated companies	0.5	0.5		0.5			
Other non-current financial assets	7.3	7.3			7.3		
Other non-current assets	5.0	5.0			5.0		
Trade receivables	627.1	627.1			627.1		
Other current receivables, excl. prepaid expenses	44.3	44.3			44.3		
Derivative instruments	5.2	5.2					5.2
Cash and cash equivalents	307.8	307.8	307.8				
TOTAL FINANCIAL ASSETS	**997.2**	**997.2**	**307.8**	**0.5**	**683.7**	**0.0**	**5.2**
Liabilities							
Long-term borrowings	301.1	312.1				312.1	
Other non-current liabilities	23.7	23.7				23.7	
Trade payables	398.0	398.0				398.0	
Other current liabilities	195.7	195.7				195.7	
Derivative instruments	13.8	13.8					13.8
Short-term borrowings	246.7	246.7				246.7	
TOTAL FINANCIAL LIABILITIES	**1,179.0**	**1,190.0**	**0.0**	**0.0**	**0.0**	**1,176.2**	**13.8**

The fair value of trade and other receivables (classified as held-to-maturity investments) is equivalent to their carrying amount, in view of their short maturities.

Non-current financial assets consist mainly of investments in non-consolidated companies, certain receivables related to those investments and operating receivables due beyond one year.

Financial assets that are not quoted in an active market are recognised in the balance sheet at cost, which is representative of their fair value.

Borrowings that are not quoted in an active market are measured by the discounted cash flows method, applied separately to each individual facility, based on market rates observed at the period-end for similar facilities and the average spread obtained by the Group for its own issues.

Other financial liabilities consist mainly of accrued taxes and employee benefits expenses, which are due within one year.

Note 25.2. DERIVATIVE INSTRUMENTS

The fair value of derivative instruments is as follows:

	2011				2010			
	Assets		Liabilities		Assets		Liabilities	
(in € millions)	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
FAIR VALUE HEDGES								
Forward sales of foreign currencies	34.8	1.1	42.4	(0.9)	38.9	1.3	14.9	(0.3)
Forward purchases of foreign currencies	72.8	4.7	12.3	(0.5)	3.5	0.4	44.6	(1.3)
TOTAL		**5.8**		**(1.4)**		**1.7**		**(1.6)**
SUPERHEDGES AND TRADING TRANSACTIONS								
Currency swaps								
EUR			6.8	(0.2)			5.5	(0.1)
GBP	14.5	0.1			20.0	0.2		
HUF	2.0	0.1	8.4	(0.1)	20.7	0.5		
MXN			16.6	(0.3)	16.9	0.3		
USD			217.7	(2.4)	244.3	4.9		
Other hedges of debt		1.7		(3.0)		2.1		(0.5)
TOTAL		**1.9**		**(6.0)**		**8.0**		**(0.6)**
CASH FLOW HEDGES								
Forward purchases and sales of foreign currencies			89.8	(4.2)	57.4	2.8	18.9	(0.7)
Floating/fixed rate swaps			60.0	(0.1)			60.0	(0.3)
Aluminium derivatives	3.9	0.2	36.7	(5.3)	26.6	3.1	21.6	(2.9)
Nickel derivatives	1.1	0.1	3.3	(0.6)	4.3	1.0		
TOTAL		**0.3**		**(10.2)**		**6.9**		**(3.9)**
TOTAL DERIVATIVE INSTRUMENTS		**8.0**		**(17.6)**		**16.6**		**(6.1)**
NET IMPACT ON EQUITY (INCLUDING FAIR VALUE ADJUSTMENTS RECOGNISED IN PROFIT)				**(9.6)**				**10.5**

The only derivatives with maturities beyond one year are cash flow hedges. The non-current portion of the fair value of these hedges is as follows.

At 31 December 2011	Expiring in less than 1 year	Expiring in 1 to 5 years	Expiring in more than 5 years	Total
Floating/fixed rate swaps	(0.1)			(0.1)
Aluminium derivatives	(3.8)	(1.3)		(5.1)
Nickel derivatives	(0.5)			(0.5)
TOTAL	**(4.4)**	**(1.3)**		**(5.7)**

The fair value of derivative instruments was determined by the discounted cash flows method using forward exchange rates, market interest rates and aluminium prices at 31 December 2011.

Note 25.3. INFORMATION ON FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

In accordance with the amended IFRS 7, fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy breaks down into three levels, as follows:

- level 1: quoted prices in active markets for the same instrument;
- level 2: quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data;
- level 3: valuation techniques for which any significant input is not based on observable market data.

	31 December 2011			
(in € millions)	Total	Level 1	Level 2	Level 3
Assets				
Derivative instruments	8.0		8.0	
Cash and cash equivalents	196.0	196.0		
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**204.0**	**196.0**	**8.0**	
Liabilities				
Derivative instruments	17.6		17.6	
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**17.6**		**17.6**	

The portfolio of derivatives used by the Group to manage risk mainly includes forward currency contracts, interest rate and currency swaps and commodities options. These instruments are classified as Level 2, as their fair value is calculated using internal valuation models based on observable data.

NOTE 26 FINANCIAL RISK MANAGEMENT

Note 26.1. RISK MANAGEMENT

Risks are managed by Corporate Finance, based on financial market conditions and in accordance with procedures established by the Group.

Hedging transactions are carried out in the financial markets with a limited number of high-quality partners in order to avoid counterparty risk. Subsidiaries' risks are hedged at corporate level when this is allowed under the laws and regulations of the country concerned and when the hedges can be arranged on the financial markets.

Subsidiaries that are prevented from hedging financial risks through Corporate Finance due to local laws and regulations enter into hedging transactions directly with local banks in compliance with Group procedures and policies.

Note 26.2. MARKET RISKS

26.2.1. Currency risks

The majority of Group sales are billed in currencies other than the euro, mainly the US dollar, Russian ruble, Brazilian real and Japanese yen. Most billing currencies correspond to the functional currencies of the subsidiaries concerned and do not give rise to any transactional currency risk at the local level.

Similarly, goods purchased for resale billed in US dollars are bought from Asian suppliers by SEB Asia whose functional currency is also the US dollar.

The main sources of transactional currency risks therefore arise from:

- intra-group billings between two Group companies with different functional currencies, as follows:
  - exports by manufacturing subsidiaries in the euro zone billed in the local currency of the marketing subsidiaries,
  - imports of goods from SEB Asia billed in US dollars by marketing subsidiaries whose functional currency is not the US dollar;
- purchases of industrial components from external suppliers by the manufacturing subsidiaries, that are billed in a currency other than their functional currency (for example, components purchases by French subsidiaries that are billed in US dollars).

These risks are managed at Group level by SEB S.A., which acts as the subsidiaries' sole counterparty except where this is not possible due to local regulations. The resulting balance sheet currency positions in the main

currencies are partly hedged by means of forward sales and purchases of foreign currency against the euro. Part of SEB Asia's US dollar billings to subsidiaries is hedged. In 2011, 2010 and 2009 the Group was a net buyer of US dollars.

The Group's overall currency risk management policy sets very strict rules for the hedging of currency risks associated with highly probable future transactions.

ANALYSIS OF CURRENCY RISKS ON INTER-COMPANY TRANSACTIONS

The Group's net exposure to transactional currency risks primarily concerns the following currencies (excluding the functional currencies of Group companies):

At 31 December 2011 *(in € millions)*	**USD**	**HUF**	**RUB**	**JPY**	**Other**
Total assets		13	15	6	57
Total liabilities	(62)				
Future transactions					
NET POSITION BEFORE HEDGING	**(62)**	**13**	**15**	**6**	**57**
Forward purchases of foreign currencies	73				
Forward sales of foreign currencies		(19)	(15)	(6)	(36)
NET POSITION AFTER HEDGING	**11**	**(6)**	**0**	**0**	**21**

At 31 December 2010 *(in € millions)*	**USD**	**HUF**	**JPY**	**RUB**	**Other**
Total assets		24	8	22	38
Total liabilities	(63)				
Future transactions					
NET POSITION BEFORE HEDGING	**(63)**	**24**	**8**	**22**	**38**
Forward purchases of foreign currencies	111				
Forward sales of foreign currencies		(20)	(27)	(9)	(28)
NET POSITION AFTER HEDGING	**48**	**4**	**(19)**	**13**	**10**

At 31 December 2009 *(in € millions)*	**USD**	**GBP**	**HUF**	**JPY**	**Other**
Total assets		4	20	6	38
Total liabilities	(48)				
Future transactions				64	
NET POSITION BEFORE HEDGING	**(48)**	**4**	**20**	**70**	**38**
Forward purchases of foreign currencies	20				
Forward sales of foreign currencies		(4)	(15)	(69)	(32)
NET POSITION AFTER HEDGING	**(28)**	**0**	**5**	**1**	**6**

At 31 December 2011, the euro was trading at USD 1.294, GBP 0.835, HUF 314.58 and JPY 100.2.

The appreciation of these currencies, assuming all other variables remained constant, would have a negative impact on profit, except for the US dollar, whose appreciation would result in a positive income statement effect.

At 31 December 2011, the sensitivity analysis of the net position after hedging was as follows:

(in € millions)	**USD**	**HUF**	**JPY**	**RUB**	**Other**
Hypothetical currency appreciation	1%	1%	1%	1%	1%
IMPACT ON PROFIT	**0.1**	**0.0**	**0.0**	**0.0**	**0.2**

CURRENCY RISKS ON FINANCING

SEB S.A. is the main provider of financing for its subsidiaries. Current account advances are made in the subsidiaries' functional currency. As SEB S.A. raises long-term financing in euros, it is exposed to currency risks on these advances. To hedge these risks, the Company borrows or lends funds in the subsidiary's currency, according to whether the current account balance is a debit or a credit, or uses currency swaps to refinance its debt in the subsidiary's local currency. Currency risks on financing are therefore systematically hedged.

The Group does not however apply hedge accounting to these transactions.

At 31 December 2011 *(in € millions)*	**USD**	**Other**
Total assets	372	89
Total liabilities	103	16
NET POSITION BEFORE HEDGING	**269**	**73**
Hedging positions	(218)	(31)
NET POSITION AFTER HEDGING	**51**	**42**

At 31 December 2010 *(in € millions)*	**USD**	**Other**
Total assets	265	84
Total liabilities	30	14
NET POSITION BEFORE HEDGING	**235**	**70**
Hedging positions	(225)	(37)
NET POSITION AFTER HEDGING	**10**	**33**

At 31 December 2009 *(in € millions)*	**USD**	**GBP**	**Other**
Total assets	290	8	25
Total liabilities	62		8
NET POSITION BEFORE HEDGING	**228**	**8**	**17**
Hedging positions	(267)	(9)	(17)
NET POSITION AFTER HEDGING	**(39)**	**(1)**	**0**

The appreciation or depreciation of these currencies, assuming all other variables remained constant, would have an impact on profit.

At 31 December 2011, the sensitivity analysis of the net position after hedging was as follows:

(in € millions)	**USD**	**Other**
Hypothetical currency appreciation	1%	1%
IMPACT ON PROFIT	**0.5**	**0.4**

CURRENCY RISKS ON NET INVESTMENTS IN FOREIGN OPERATIONS

Groupe SEB is also exposed to currency risks on its net investment in foreign operations, corresponding to the impact of changes in exchange rates for the subsidiaries' functional currencies on SEB S.A.'s share in their net assets. These risks are not hedged.

26.2.2. Interest rate risks

Group policy consists of hedging interest rate risks based on trends in market interest rates and changes in the Group's overall debt structure. These risks are not systematically hedged.

The following table analyses financial assets and liabilities at 31 December 2011, based on interest rate re-set dates:

	Overnight to 1 year		1 to 5 years	More than 5 years
At 31 December 2011 *(in € millions)*	**Floating rate**	**Fixed rate**	**Fixed rate**	**Fixed rate**
Total assets	196.0			
Total liabilities	(472.6)	(10.0)	(383.5)	
NET POSITION AFTER HEDGING	**(276.6)**	**(10.0)**	**(383.5)**	

Interest payable between January 2007 and March 2012 is hedged by a floating/fixed rate swap. This swap qualifies for hedge accounting under IAS 39.

AT 31 DECEMBER 2011

(in € millions)	Expiring within one year 2011	Expiring in 1 to 5 years	Expiring beyond 5 years
Floating/fixed rate swap	10	0	0

Based on gross debt at 31 December 2011, assuming debt remains constant throughout the year and is denominated in the same currencies as at that date, a 1-point increase in interest rates would lead to an estimated €6.6 million increase in interest expense but would have no material impact on net debt.

The impact of the interest rate swap on equity at 31 December 2011 was as follows:

(in € millions)	2011
FAIR VALUE AT 1 JANUARY	**(0.3)**
Change in fair value	(0.1)
Amount reclassified into profit	0.3
FAIR VALUE AT 31 DECEMBER	**(0.1)**

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26.2.3. Commodity risks

Commodity risks arising from changes in the prices of certain raw materials used by the Group – mainly aluminium, copper and nickel used to produce stainless steel – are hedged by derivative instruments. The Group anticipates its needs for the coming year (except for in China) and hedges them on a conservative basis, covering 70% of its estimated purchases for the next twelve months. At 31 December 2011, 22,024 tonnes of aluminium purchases and 266 tonnes of nickel purchases were hedged.

Prices are set in advance using zero-premium collars, swaps and average monthly price options.

These hedges of raw material purchases are qualified as cash flow hedges under IAS 39 when the criteria listed in Note 1.4.4 are met.

At 31 December 2011, remeasurement of commodity hedges at fair value led to the recognition in equity of an unrealised loss of €5.6 million. This fair value remeasurement resulted in an unrealised gain of €1.2 million at 31 December 2010 and an €8.1 million unrealised loss at year-end 2009.

Derivatives that expired in 2011 led to a loss of €4.5 million versus a €3.8 million loss in 2010.

SENSITIVITY ANALYSIS

A 10% increase or decrease in metal prices at 31 December 2011 would have had a €3.7 million positive or negative impact on equity, assuming all other variables remained constant.

A 10% increase or decrease in metal prices versus their average prices in 2011 would have had a €9.3 million positive or negative impact on operating result from activity (formerly "operating margin").

26.2.4. Equity risk and treasury stock

It is not Group policy to hold significant portfolios of equities or equity funds. The Group does, however, hold a portfolio of SEB shares, purchased in connection with:

- a liquidity contract set up in order to ensure that there is a sufficiently liquid market for SEB shares and to stabilise the share price; and
- the share buyback programme, mainly for allocation on exercise of employee stock options.

Treasury stock is deducted directly from equity. Gains and losses on sales of treasury stock are also recognised in equity.

Based on the closing share price on 31 December 2011 (€58.12), the fair value of shares held in treasury at that date stood at €135.5 million. A 10% increase or decrease in the share price would therefore have led to a €13.6 million change in the fair value of treasury stock.

ZJ Supor, which is now 71.31%-owned by Groupe SEB, is listed on the Shenzen stock exchange. At 31 December 2011, ZJ Supor's share price was RMB 16.7, resulting in a valuation of Groupe SEB's investment in the company of €842.6 million at that date. Changes in the Supor share price have no impact on Groupe SEB's consolidated financial statements, as ZJ Supor is fully consolidated. Similarly, changes in the share price have no impact on the Company accounts of SEB Internationale because its interest in ZJ Supor is classified as a long-term investment and is not marked to market.

Note 26.3. LIQUIDITY RISK

To manage the liquidity risk that may arise due to financial liabilities reaching maturity or needing to be settled early, the Group implements a financing strategy based on:

- maintaining cash and cash equivalents at a certain level at all times (€196.0 million at 31 December 2011);
- a €600.0 million commercial paper programme, with €173.3 million outstanding at 31 December 2011;
- other debt facilities, including:
  - €10.0 million in medium-term loans, repayable in annual instalments until 2012,
  - a €560.0 million syndicated credit facility expiring in 2016,
  - a €46.8 million syndicated credit facility expiring in 2014,
  - a €30.0 million bilateral credit facility expiring in 2013,
  - a Schuldschein loan, repayable in two instalments in 2013 and 2015 for €113.5 million and €47.5 million respectively,
  - €298.5 million bond debt maturing in 2016.

Cash and cash equivalents and debt are discussed in Note 18 and Note 24, respectively.

With currency swaps, the notional amounts are exchanged at maturity, while with interest rate swaps, only the interest differential is paid or received.

Note 26.4. CREDIT RISK

At 31 December 2011, trade receivables broke down as follows based on their age:

		Past due			
(in € millions)	Current	0-90 days	91-180 days	Over 181 days	Total
Net trade receivables	738.5	84.0	3.8	2.1	828.4

To avoid default risks, Groupe SEB sets individual credit limits that are regularly updated based on the customer's financial position and payment history.

The Group's main customers are well-known international retailers. In 2011, no single customer accounted for more than 6% of total revenue.

For more than five years, customer credit risk has been covered by credit insurance taken out with Coface. At 31 December 2011, 80% of net trade receivables were covered by this insurance which would apply in the event of non-recovery.

NOTE 27 ENVIRONMENTAL EXPENDITURE

Environmental expenditure amounted to €6.1 million in 2011, compared with €4.7 million in 2010 and €4.5 million in 2009. These amounts include routine environmental management system costs, covering areas such as water and waste management. They do not include taxes on packaging or the cost of disposing of waste electrical and electronic equipment.

The main costs are presented below, including the breakdown between amounts recognised as expenses and as capital expenditure.

	2011			2010			2009		
(in € millions)	Expenses	Capital expenditure	Total	Expenses	Capital expenditure	Total	Expenses	Capital expenditure	Total
Ambient air quality	0.5	1.0	1.5	0.3	0.1	0.4	0.3	0.2	0.5
Waste water management and water saving systems	1.3	0.1	1.4	1.0	0.4	1.4	0.9	0.4	1.3
Waste management	1.6		1.6	1.6		1.6	1.5		1.5
Soil protection and decontamination	0.1	0.4	0.5	0.1	0.3	0.4	0.1	0.1	0.2
Other environmental protection measures	0.9	0.3	1.2	0.7	0.2	0.9	0.9	0.1	1.0
TOTAL	**4.4**	**1.8**	**6.2**	**3.7**	**1.0**	**4.7**	**3.7**	**0.8**	**4.5**

A €0.5 million provision for environmental risks was recognised in 2011 at the time of the Imusa acquisition for a risk existing prior to the acquisition date. The estimation of the amount concerned was in the process of being finalised at the year-end.

No provisions for environmental risks were recognised in the balance sheet at either 31 December 2010 or 2009.

NOTE 28 OFF-BALANCE SHEET COMMITMENTS

Note 28.1. SPECIFIC COMMITMENTS

Specific commitments are discussed in the following notes:

- note 22: Employee benefits;
- note 24: Borrowings;
- note 25: Fair value of financial instruments.

Note 28.2. COMMITMENTS ARISING IN THE ORDINARY COURSE OF BUSINESS

COMMITMENTS RELATED TO OPERATING ACTIVITIES

(in € millions)	2011	2010	2009
Firm orders for property, plant and equipment	16.2	14.8	16.3
Guarantees and bonds given	11.2	2.9	2.7
Commitments under non-cancellable operating leases	127.2	115.1	89.4
Miscellaneous financial commitments	5.3	1.2	1.3
TOTAL COMMITMENTS GIVEN	**159.9**	**134.0**	**109.7**
Guarantees received for trade receivables under credit insurance policies	659.5	544.7	442.8
Miscellaneous financial commitments	0.1	1.2	1.3
TOTAL COMMITMENTS RECEIVED	**659.6**	**545.9**	**444.1**

It is not the Group's policy to sell receivables to factoring companies or banks.

NOTE 29 SIGNIFICANT EVENTS, LITIGATION AND CONTINGENT LIABILITIES

Note 29.1. SIGNIFICANT EVENTS AND LITIGATION

29.1.1. Significant events

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, Groupe 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 2011 financial statements came to €13.8 million.

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 bears interest at a floating rate and has a nominal amount of €560 million and a five-year term. None of the loan had been drawn down at 31 December 2011.

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.

29.1.2. Litigation

SUPPLIER DISPUTE

A provision for contingencies has been set aside following a dispute with a Chinese supplier concerning a shipment (see Note 6.3). The Group's maximum exposure in relation to this dispute is estimated at €5 million, but the entire claim is being contested and the related legal proceedings are expected to be lengthy.

PENTALPHA DISPUTE

In April 2006, a jury in New York returned a verdict in favour of Groupe SEB in relation to a patent infringement suit filed in 2000 against the Hong Kong companies, Pentalpha Enterprises Ltd. and Global-Tech Appliances, Inc. (hereinafter referred to as Pentalpha), concerning a deep fryer marketed in the United States. The ensuing New York District Court ruling on 9 October 2008 found that Groupe SEB was entitled to a reasonable royalty payment of $4.7 million. Pentalpha challenged this ruling by filing:

- an appeal before the Court of Appeals for the Federal Circuit (CAFC) in Washington, which fully upheld the District Court ruling on 5 February 2010;
- a suit against the SEB patent with the US Patent and Trademark Office (USPTO). The suit was overruled as the USPTO upheld all the claims of the SEB patent in December 2009.

Pentalpha then submitted a request for the CAFC to review its decision. Pentalpha has also submitted a $1 million claim against SEB and its lawyer before the New York State Court for alleged inaccurate and misleading statements made during the patent case.

The CAFC rejected Pentalpha's request for a review of its conviction for patent infringement and on 10 August 2010 Groupe SEB received the $5.1 million in damages (including interest) that had been held in escrow during the proceedings. On 25 June 2010, however, Pentalpha asked the Supreme Court of the United States to hear its appeal of the CAFC decision.

On 31 May 2011 the US Supreme Court ruled in Groupe SEB's favour on the 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 2011 financial statements.

In the past twelve months, other than the proceedings reflected in the financial statements and described in the accompanying notes, there have been no other government, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have or have had in the recent past significant effects on the Group and/or its financial position or profitability.

Note 29.2. CONTINGENT LIABILITIES

Recycling end-of-life products

European directive 2002/96/EC on waste electrical and electronic equipment adopted in February 2003 requires Member States to recycle end-of-life household appliances. This directive was transposed into the national laws of EU member countries during 2006.

The directive states that household appliance manufacturers and importers are responsible for financing the cost of collecting, sorting and reusing/recycling end-of-life electrical and electronic equipment. Concerning products sold to private households before the directive was transposed into national legislation (historical waste), the directive requires that all producers contribute to financing the costs in proportion to their respective share of the equipment put on the market during a “reference period”, generally the year the waste was collected and recycled. This system is known as “one for one” (one product recycled for every one sold) or “pay as you go”.

IFRIC interpretation no. 6 adopted by the European Union in a regulation published in the Official Journal of the European Communities on 27 January 2006, which was early adopted by Groupe SEB in 2005, states that no provision is required for historical waste, other than in respect of recycling costs incurred during the reference period. As these costs are or will be offset in most countries by an environmental charge payable by the consumer until 2011, the net cost of recycling historical waste will not have a material impact on the Group's income statement.

Concerning the treatment of products put on the market after the date of transposition (13 August 2005 in the case of France), the directive states that producers are individually responsible for guaranteeing financing for the recovery and recycling of the related waste.

To meet these obligations, Groupe SEB has joined collective pay-as-you-go schemes similar to those in place for financing historical waste. These schemes are managed by coordinating organisations, such as Eco-Systèmes SAS in France, in which Groupe SEB plays an active role.

The financial guarantees generally take the form of advances to these organisations, based on the expected costs. While joining these schemes does not exempt Groupe SEB from its individual liability, no provision (within the meaning of IAS 37) is recognised as new products are brought to market, because a producer can withdraw from the market concerned without having to individually fulfil its guarantee obligations, leaving the remaining producers to jointly cover the costs of recycling. For this reason, provisions are recognised not when a product is introduced but when it has been on the market during the period of reference. The provisions recorded corresponded solely to the payment notices issued by the above organisations relating to the Group's contributions. These organisations can make adjustments during later periods based on the actual amounts of the Group's contributions.

Costs of recycling "new waste" are expected to rise in the coming years with the probable increase in return rates and gradual introduction of recycling schemes. These costs will also reflect average product life cycles, changes in sorted collection logistics costs and technological improvements related to product design and recycling techniques.

Statutory employee training rights

Employees of Groupe SEB in France with permanent contracts are entitled to 20 hours' training per year, which may be carried forward for up to six years. If all or part of this entitlement is not used within six years, it is capped at 120 hours. The costs of supplying training as a result of this entitlement and of the training allowances paid to employees who follow courses outside working hours are covered by the employer. As the decision to incur these costs is made by Group management and they relate to employee services to be received in future periods, they are expensed as incurred. At 31 December 2011 the total amount of unused training hours accumulated by Groupe SEB employees stood at 586,980 versus 590,810 at 31 December 2010 and 593,294 at 31 December 2009.

NOTE 30 RELATED PARTY TRANSACTIONS

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Note 30.1. TRANSACTIONS WITH ASSOCIATES AND NON-CONSOLIDATED COMPANIES

The consolidated financial statements include transactions carried out in the normal course of business with associates and non-consolidated companies.

All of these transactions are carried out on arm's length terms.

(in € millions)	2011	2010	2009
Revenue	4.4	2.8	1.8
Other income			
Purchases			
Other non-current financial assets	0.4		0.2
Trade receivables	2.6	0.7	0.2
Trade payables			

Note 30.2. DIRECTORS' AND OFFICERS' REMUNERATION AND BENEFITS

Details of members of the Board of Directors and the Executive Committee, including members who retired in 2011, are provided in the corporate governance section of this document. The following table provides an analysis of the remuneration and benefits paid to the members of the Board of Directors and the Executive Committee in 2011, 2010 and 2009:

(in € millions)	2011	2010	2009
SHORT-TERM BENEFITS			
Fixed remuneration	2.7	2.5	2.7
Variable remuneration	1.8	2.0	2.1
Directors' fees	0.4	0.4	0.4
OTHER BENEFITS			
Post-employment benefits	2.2	1.7	2.4
Share-based payments (stock options)	1.6	2.0	2.7
TOTAL	**8.7**	**8.6**	**10.3**

Thierry de La Tour d'Artaise will not be entitled to any compensation for loss of office when he ceases to be a corporate officer.

His employment contract, signed when he joined the Group in 1994 and last amended when he was appointed Chief Executive Officer, was suspended on 1 March 2005 for the duration of his term as corporate officer.

In the same way as for other Executive Committee members, the contract stipulates that in the event of termination of his employment contract at Groupe SEB's initiative, except as a result of gross negligence or serious misconduct, or at his own initiative following a change of control of Groupe SEB, Thierry de La Tour d'Artaise will be eligible for a total termination benefit equal to two years' remuneration. Following adoption of France's TEPA Act, an addendum to this contract was signed making the termination benefit subject to performance conditions. The revised contract stipulates that the termination benefit, set at a maximum of two years' gross salary and bonus, will be adjusted based on actual performance in relation to targets over Thierry de La Tour d'Artaise's last four years of service, as follows:

- if average actual performance falls short of the targets by 50% or more, no termination benefit will be paid;
- if average actual performance represents 50% to 100% of the targets, between 75% and 100% of the termination benefit will be paid;
- if average actual performance exceeds the targets, the termination benefit will be paid in full.

The Board of Directors may, at its discretion, reduce the termination benefit by as much as 50% if the Group reports a loss for the year preceding the one in which Thierry de La Tour d'Artaise is removed from office, provided that the termination benefit does not represent less than his salary and bonus for that year if average actual performance is at least equal to 50% of targets.

Thierry de La Tour d'Artaise's employment contract does not contain any no-compete clause.

Thierry de La Tour d'Artaise was re-appointed on 13 May 2008. In accordance with the October 2008 AFEP-MEDEF Code, the Board of Directors therefore decided to review the situation in 2012, when his term of office is due to expire.

NOTE 31 SUBSEQUENT EVENTS

To the best of Groupe SEB's knowledge, no events have occurred between 31 December 2011 and the date on which this Registration Document was published that could have a material impact on the consolidated financial statements.

NOTE 32 LIST OF CONSOLIDATED COMPANIES AT 31 DECEMBER 2011 (SHOWING THE % INTEREST HELD BY THE GROUP)

Note 32.1. FULLY CONSOLIDATED COMPANIES

Company	Core business [b]	Headquarters	Siren no.	% control	% interest
FRANCE					
SEB S.A. [a]	Parent company	France	300 349 636		
Calor S.A.S. [a]	*	France	956 512 495	100	100
S.A.S. SEB [a]	*	France	302 412 226	100	100
Tefal S.A.S. [a]	*	France	301 520 920	100	100
Rowenta France S.A.S. [a]	*	France	301 859 880	100	100
Groupe SEB Moulinex S.A.S. [a]	*	France	407 982 214	100	100
SIS S.A.S. [a]	***	France	399 014 216	100	100
SEB Développement S.A.S. [a]	***	France	016 950 842	100	100
Groupe SEB France S.A.S. [a]	**	France	440 410 637	100	100
Groupe SEB Retailing [a]	**	France	440 410 884	100	100
SEB Internationale SAS [a]	Holding company	France	301 189 718	100	100
Groupe SEB Export [a]	**	France	421 266 271	100	100
SEB Alliance SAS	Holding company	France	440 410 918	100	100
OTHER EU COUNTRIES					
Rowenta Werke GmbH	*	Germany		100	100
Krups GmbH	**	Germany		100	100
Groupe SEB Deutschland GmbH	**	Germany		100	100
Rowenta Deutschland GmbH	Holding company	Germany		100	100
SEB Osterreich HmbH	**	Austria		100	100
Groupe SEB Belgium SA NV	**	Belgium		100	100
Groupe SEB Nordik AS	**	Denmark		100	100
Groupe SEB Iberica SA	**	Spain		100	99.8
Groupe SEB UK Ltd.	**	United Kingdom		100	100
Tefal UK	Dormant	United Kingdom		100	100
Groupe SEB Hellados S.A.	**	Greece		100	100
Groupe SEB Italia SpA	**	Italy		100	100
Lagostina SpA	*	Italy		100	100
Casa Lagostina s.r.l	**	Italy		100	100
Groupe SEB Nederland BV	**	Netherlands		100	100
Rowenta Invest BV	Holding company	Netherlands		100	100
Groupe SEB Portugal Ltd.	**	Portugal		100	99.9
AMERICAS					
Groupe SEB Canada Inc.	**	Canada		100	100
Groupe SEB USA	**	United States		100	100
All-Clad USA, Inc. Delaware	Holding company	United States		100	100
All-Clad Metal-Crafters LLC	*	United States		100	100
Clad Holdings Corp. Delaware	***	United States		100	100
Groupe SEB Holdings USA	Holding company	United States		100	100
IMUSA Holding Inc	Holding company	United States		100	99.3

(a) A member of the French tax group.
(b) Core business:
** manufacturing, sales and marketing;*
*** sales and marketing ;*
**** services.*

Company		Core business [b]	Headquarters	Siren no.	% control	% interest
IMUSA USA LLC		**	United States		100	99.3
Groupe SEB Argentina SA		**	Argentina		100	100
Grupo SEB do Brasil		*	Brazil		100	100
Lojas SEB		**	Brazil		100	100
Groupe SEB Chile Ltda.		**	Chile		100	100
Groupe SEB Colombia SA		*	Colombia		100	100
ARFEL		Holding company	Colombia		100	100
IMUSA S.A.		*	Colombia		100	99.3
Groupe SEB Mexico		**	Mexico		100	100
Groupe SEB Servicios Mexico		***	Mexico		100	100
Groupe SEB Venezuela S.A.		**	Venezuela		100	100
Groupe SEB Peru S.R.L.		**	Peru		100	100
OTHER COUNTRIES						
Groupe SEB Schweiz GmbH		**	Switzerland		100	100
Groupe SEB Australia Ltd.		**	Australia		100	100
SSEAC Co. Ltd.		*	China		100	100
SEB Trading Co. Ltd.		**	China		100	100
Groupe SEB Korea		**	Korea		100	100
SEB Asia Ltd.		**/***	Hong Kong		100	100
Groupe SEB Thailand		**	Thailand		100	100
Groupe SEB Singapore Pty Ltd		**	Singapore		100	100
Groupe SEB Malaysia SDN. BHD		**	Malaysia		100	100
Groupe SEB Central Europe		**	Hungary		100	100
Groupe SEB Japan Co. Ltd.		**	Japan		100	100
Groupe SEB Polska Zoo		**	Poland		100	100
Groupe SEB CR s.r.o/Groupe SEB Slovensko s.r.o		**	Czech Republic/ Slovakia		100	100
Groupe SEB Romania		**	Romania		100	100
Groupe SEB Baltic		**	Lithuania		100	100
Grain Harvest Development Ltd		Holding company	Hong Kong		100	100
Groupe SEB d.o.o.		**	Slovenia		100	100
Groupe SEB Bulgaria EOOD		**	Bulgaria		100	100
Groupe SEB Istanbul A.S.		**	Turkey		100	100
Groupe SEB Ukraine		**	Ukraine		100	100
Groupe SEB Vostok		*	Russia		100	100
Vina Electric Fan	Manufacturing and trading	*	Vietnam		65.13	65.13
Vina Electric Fan	Joint stock company	*	Vietnam		100	65.13
ZJ Supor	Zehjiang Supor Co., Ltd	Holding company	China		71.31	71.31
DG Supor	Dongguan Supor Electrical Appliances	*	China		100	79.92
SX Supor	Shaoxing Supor Life Electrical Appliances Co., Ltd	*	China		100	71.31
Vietnam Supor	Supor (Vietnam) Co., Ltd	*	Vietnam		100	71.31
WH CKW	Wuhan Supor Cookware Co., Ltd	*	China		100	78.15
WH Pressure	Wuhan Supor Pressure Cooker Co., Ltd	Holding company	China		99.36	70.86
WH Supor	Wuhan Supor Co., Ltd	***	China		96.53	68.85
WH Waste	Wuhan Supor Waste Recovery Co., Ltd	***	China		100	71.31

Company		Core business (b)	Headquarters	Siren no.	% control	% interest
YH Waste	Yuhuan Supor Waste Recovery Co., Ltd	***	China		60	42.79
ZJ Rubber	Zhejiang Supor Rubber & Plastics Products Co., Ltd.	*	China		93.23	66.49
ZJ Lesu	Zhejiang Lesu Metal Material Co. Ltd.	*	China		51	36.37
ZJ Supor EA	Zhejiang Supor Electrical Appliances Manufacturing Co., Ltd	*	China		100	78.49
Hangzhou Omegna trad.		**	China		100	71.31
Shanghai Cookware Supor sales Co		**	China		100	71.31

(a) A member of the French tax group.
(b) Core business:
* *manufacturing, sales and marketing;*
** *sales and marketing ;*
*** *services.*

Note 32.2. ASSOCIATES

Company	Core business	Headquarters	Siren no.	% interest
None				

Note 32.3. NON-CONSOLIDATED COMPANIES

Company	Core business (a)	Headquarters	Siren no.	% interest
Iran SEB (not material in relation to the Group as a whole)	Dormant	Iran		70
Tefal India	Dormant	India		100
Groupe SEB Paris (not material in relation to the Group as a whole)	**	Iran		72
Key Ingredient (not material in relation to the Group as a whole)	**	United States		60
Maharaja Whiteline (acquired at end-December 2011)	*	India		55

(a) Core business:
* *manufacturing, sales and marketing.*
** *sales and marketing.*
*** *services.*

5.5. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2011 on:

- the audit of the accompanying consolidated financial statements of SEB SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis or by selection, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- at each balance sheet date, the Group assesses whether there is any indication that non-current assets belonging to various cash-generating units (CGUs) may be impaired and performs annual impairment tests on goodwill and assets with indefinite lives, as described in Notes 1.4.1 and 1.4.3 to the consolidated financial statements.

  We have examined the impairment testing methods as well as the cash flow forecasts and assumptions used and we have verified that Notes 6.2 and 10 contain the appropriate disclosures.
- note 1.4.9 to the consolidated financial statements describes how deferred tax has been determined and Note 8.4 discloses the amount of deductible temporary differences and tax losses carried forward without any corresponding deferred tax assets.

  Our work has consisted in the assessment of the data and assumption retained by the Group for their estimations and in the verification of the pertinence of disclosures made in the notes to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

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

Lyon et Villeurbanne, 16 March 2012

The Statutory auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Bernard RASCLE	Dominique VALETTE

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. The Statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

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

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Company financial statements

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6.1. BALANCE SHEET AND **INCOME STATEMENT**

Balance sheet – At 31 December

Assets *(in € millions)*	2011 Gross	2011 Depreciation/ amortisation	2011 Net	2010 Net
NON-CURRENT ASSETS				
Patents, licenses and other rights	7.6	7.4	0.2	0.2
Shares in subsidiaries and affiliates	822.9	62.0	760.9	778.9
Loans to subsidiaries and affiliates	1,285.9		1,285.9	767.9
Other non-current assets	0.7		0.7	0.5
TOTAL	**2,117.1**	**69.4**	**2,047.7**	**1,547.6**
CURRENT ASSETS				
Trade receivables	0.5		0.5	0.4
Other receivables	22.4		22.4	14.9
Marketable securities	105.1		105.1	115.9
Cash and cash equivalents	31.8		31.8	25.1
Prepaid expenses	0.1		0.1	0.3
TOTAL	**159.9**	**-**	**159.9**	**157.7**
Deferred debt issuance costs	4.0		4.0	1.1
Bond redemption premium	0.5		0.5	-
Conversion losses	72.5		72.5	2.2
TOTAL ASSETS	**2,354.0**	**69.4**	**2,284.6**	**1,707.5**

Equity and liabilities (before appropriation of profit) *(in € millions)*	**2011**	**2010**
EQUITY		
Share capital	49.9	49.9
Additional paid-in capital	90.3	90.3
Revaluation reserve	16.9	16.9
Legal reserve	5.2	5.2
Regulated reserves	0.8	0.8
Revenue reserves	7.9	7.9
Retained earnings	590.3	603.0
Net profit for the year	77.8	45.7
TOTAL	**839.1**	**819.7**
PROVISIONS FOR CONTINGENCIES AND CHARGES		
Provisions for contingencies	85.6	19.8
Provisions for charges	140.9	121.7
TOTAL	**226.5**	**141.5**
PAYABLES		
Bank borrowings	542.1	226.0
Other borrowings	625.2	500.1
Trade payables	0.9	3.3
Accrued taxes and payroll costs	2.0	3.2
Other payables	13.6	9.2
TOTAL	**1,183.8**	**741.8**
Conversion gains	35.2	4.4
TOTAL EQUITY AND LIABILITIES	**2,284.6**	**1,707.5**

Income statement – Years ended 31 December

(in € millions)	2011	2010
OPERATING REVENUES		
Service revenues		
Reversals of depreciation, amortisation and provisions, expense transfers	1.1	
Other income	0.7	0.6
TOTAL	**1.8**	**0.6**
Operating expenses		
Other purchases and external charges	6.7	6.4
Taxes other than on income	0.9	0.7
Wages and salaries	1.8	2.2
Payroll taxes	0.5	2.2
Depreciation and amortisation expense	1	0.3
Other expenses	0.8	1
TOTAL	**11.7**	**12.8**
LOSS FROM ORDINARY ACTIVITIES BEFORE NET FINANCIAL INCOME	**(9.9)**	**(12.2)**
Financial revenues		
Income from investments in subsidiaries and affiliates	147.3	78
Interest income	1.9	0.5
Reversals of provisions, expense transfers	10.1	38.1
Foreign exchange gains	322.7	169.7
Net income from sales of marketable securities	1.9	0.1
TOTAL	**483.9**	**286.4**
Financial expenses		
Charges to provisions for impairment of financial assets	26.1	17.7
Interest expense	26.5	13.6
Charges to provisions for currency risks	72.4	2.1
Foreign exchange losses	280.6	170.3
TOTAL	**405.6**	**203.7**
NET FINANCIAL INCOME	**78.3**	**82.7**
PROFIT FROM ORDINARY ACTIVITIES	**68.4**	**70.5**
Non-recurring income		
Non-recurring income from revenue transactions	0	0.7
Non-recurring income from capital transactions	0.8	0.7
Reversals of provisions, expense transfers	4.3	17.5
TOTAL	**5.1**	**18.9**
Non-recurring expenses		
Non-recurring expenses on revenue transactions	0.8	0.3
Non-recurring expenses on capital transactions	3.7	14.4
Charges to provisions	20.4	14.2
TOTAL	**24.9**	**28.9**
NET NON-RECURRING EXPENSE	**(19.8)**	**(10)**
Income tax	(29.2)	14.8
NET PROFIT	**77.8**	**45.7**

6.2. NOTES TO THE COMPANY FINANCIAL STATEMENTS

SIGNIFICANT EVENTS OF THE YEAR

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 floating rate loan has a nominal amount of €560 million and a five-year term. None of this loan had been drawn down at 31 December 2011.

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.

The proceeds from the bond issue were used by the Group to purchase an additional 20% interest in Supor from the Su family – the company's founding shareholders – at a price of RMB 30 per share. The transaction was completed on 13 December 2011, for an aggregate purchase price of €406 million which was settled on the same date.

Formation of an investment company SEB Alliance

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. SEB Alliance made its first investment in the area of digital and connected products, by acquiring a 60% majority stake in US-based Key Ingredient.

Additional write-down of shares in Groupe SEB Moulinex

In 2011 the Company wrote down its investment in Groupe SEB Moulinex by a further €26 million, increasing the aggregate amount of the provision for impairment of shares in this subsidiary to €50 million at the year-end.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1.1. PRINCIPLES

The Company financial statements have been prepared in line with the principle of prudence and in compliance with the preparation and presentation rules set out in French law and France's Plan Comptable Général of 1999.

Note 1.2. INTANGIBLE ASSETS

Intangible assets are stated at acquisition cost, excluding transaction costs and interest expense.

They mainly consist of patents amortised over periods ranging from three to ten years.

Note 1.3. SHARES IN SUBSIDIARIES AND AFFILIATES

Shares in subsidiaries and affiliates are stated at the lower of cost and net realisable value. Cost corresponds to acquisition cost, except for shares acquired before 31 December 1976 and included in the legal revaluation, which are stated at valuation. Net realisable value is determined based on the Company's equity in the investee's net assets, market value or the investee's earnings outlook.

Note 1.4. OWN SHARES

SEB S.A. shares held by the Company are classified as follows:

- shares bought back for allocation on exercise of existing or future stock options are classified under "Marketable securities";
- all other SEB S.A. shares held by the Company – mainly under the liquidity contract – are classified under "Other non-current assets".

At the year-end, an impairment loss is recognised whenever the shares' purchase price is lower than the average share price for the last month of the year.

Note 1.5. CASH AND CASH EQUIVALENTS AND FINANCIAL INSTRUMENTS

SEB S.A. manages cash and cash equivalents and currency risk on behalf of the Group.

- The Company meets the short-term financing needs of virtually all Group subsidiaries. An automatic daily bank balance reporting system has been set up to monitor the financing needs of the French, German, Spanish, Italian, Hungarian, Czech, Austrian, Swiss and Hong Kong subsidiaries and the other subsidiaries report their cash balances manually. Current

account advances to and from the cash pool pay interest at the overnight rate for the currency concerned plus or minus 0.15 bps.

Commercial paper is issued in euros under a €600 million programme rated A2 by Standard & Poor's and is converted into the functional currency of the subsidiaries concerned outside the euro zone by means of swaps, thereby limiting the Company's exposure to currency risks on these financing transactions. A provision may be set aside to cover the unhedged portion of the risk.

- SEB S.A. sets the exchange rates for intercompany import and export transactions on behalf of its subsidiaries. Net currency positions (arising when exports exceed imports) are hedged by forward foreign exchange contracts, allowing the hedged transactions to be recognised directly in the subsidiary's local currency at the hedging rate. The unrealised gain or loss, i.e. the difference between the hedging rate and the closing rate, is recognised in the financial statements of SEB S.A. at the period-end. Any unrealised losses arising on such transactions are recognised on the assets side of the balance sheet under "Conversion losses" and lead to the recognition of a provision for contingencies. Unrealised gains are recognised in liabilities under "Conversion gains" without affecting profit for the year.

  The contango or backwardation on currency swaps is recorded in the income statement when the swaps expire.

Note 1.6. CONVERSION AND MEASUREMENT OF CASH AND SHORT-TERM BANK LOANS IN FOREIGN CURRENCY

Cash and short-term bank loans denominated in foreign currency at the period-end are converted into local currency at the exchange rate on the last business day of the period, and conversion differences are recognised in profit for the period under "Foreign exchange gains" or "Foreign exchange losses".

Note 1.7. INCOME TAX

SEB S.A. and its French subsidiaries file a consolidated tax return under the group relief system provided for in Article 223 1 to U of the French Tax Code (*Code Général des Impôts*).

No group relief agreement has been signed and each member of the tax group therefore calculates the income tax charge or benefit they would have paid or received if they had been taxed on a stand-alone basis. As the parent company, SEB S.A. recognises in its income statement any tax savings or additional tax expense arising on the consolidation of the French subsidiaries' taxable results. Tax savings resulting from group relief for tax losses incurred by companies in the tax group are initially recognised by SEB S.A. and are transferred back to the companies concerned when they return to profit.

NOTE 2 MOVEMENTS IN NON-CURRENT ASSETS

Note 2.1. INTANGIBLE ASSETS

There were no material acquisitions or disposals of intangible assets during the year.

Note 2.2. PROPERTY, PLANT AND EQUIPMENT

There were no material acquisitions, disposals or retirements of property, plant and equipment during the year.

Note 2.3. NON-CURRENT FINANCIAL ASSETS

(in € millions)	2010	Additions	Disposals	2011
Shares in subsidiaries and affiliates	815.5	7.5	0.0	823.0
Loans to subsidiaries and affiliates	767.9	517.9	0.0	1,285.8
Own shares	0.3	0.1	0.0	0.4
Other long-term investments	0.1	0.0	0.0	0.1
TOTAL COST	**1,583.8**	**525.5**	**0.0**	**2,109.3**
Provisions for impairment of shares in subsidiaries and affiliates	(36.6)	(26.0)	(0.5)	(62.1)
Provisions for impairment of other long-term investments	0.0	0.0	0.0	0.0
TOTAL PROVISIONS	**(36.6)**	**(26.0)**	**(0.5)**	**(62.1)**
TOTAL CARRYING AMOUNT	**1,547.2**	**499.5**	**(0.5)**	**2,047.2**

(in € millions)	2009	Additions	Disposals	2010
Shares in subsidiaries and affiliates	755.8	59.7		815.5
Loans to subsidiaries and affiliates	790.3	0.5	22.9	767.9
Own shares	0.0	0.3	0.0	0.3
Other long-term investments	0.4	0.0	0.3	0.1
TOTAL COST	**1,546.5**	**60.5**	**23.2**	**1,583.8**
Provisions for impairment of shares in subsidiaries and affiliates	(71.4)		(34.8)	(36.6)
Provisions for impairment of other long-term investments	0.0	0.0	0.0	0.0
TOTAL PROVISIONS	**(71.4)**	**0.0**	**0.0**	**(36.6)**
TOTAL CARRYING AMOUNT	**1,475.1**	**60.5**	**58.0**	**1,547.2**

In 2011 SEB S.A. took up €29.9 million worth of new shares issued by SEB Alliance as part of a capital increase. At the year-end a quarter of the amount had been paid up, representing €7.5 million, and the remaining €22.4 million was included in “Shares in subsidiaries and affiliates”.

Loans to subsidiaries and affiliates include advances by SEB S.A. to its subsidiaries in accordance with the Group’s financial policy (see Note 1.5). The €517.9 million increase in this item in 2011 was due to a rise in intercompany current account advances, particularly for SEB Internationale which carried out the Group’s main equity acquisitions during the year.

At 31 December 2011, the Company held 2,331,797 SEB S.A. shares acquired at an average price of €39.99 per share. The shares are being held mainly for allocation on exercise of stock options (178,657 under the 2004 plan, 154,953 under the 2005 plan, 207,944 under the 2006 plan, 441,584 under the 2007 plan, 984,600 under the 2008 plan, 367,700 under the 2009 plan and 411,842 under the 2010 plan). No stock options were awarded in 2011.

In 2011, SEB S.A. bought back 991,520 shares on the market at a weighted average price of €64.76 and sold 640,421 shares on the market at an average price of €46.55.

NOTE 3 LIST OF SUBSIDIARIES AND AFFILIATES

Note 3.1. MAIN SUBSIDIARIES AND AFFILIATES

3.1.1. Subsidiaries (more than 50%-owned)

(in € millions)	Equity	% interest	Carrying amount of investment	Loans and advances given and received by the Company	Guarantees and bonds given by the Company	Dividends received by the Company during the year
Calor S.A.S.	5.2	100%	33.9	10.3	-	
S.A.S. SEB	15.2	100%	95.5	9.1	-	
Tefal S.A.S.	48.8	100%	6.6	17.6	-	3.5
Rowenta France S.A.S.	8.0	100%	17.6	(6.1)	-	
Seb Développement S.A.S.	15.3	100%	14.8	2.8	-	
Rowenta Invest BV	183.4	100%	211.8	0.1	-	
Seb Internationale S.A.S.	521.9	100%	213.3	682.8	-	61.9
Groupe SEB France	199.7	98%	73.9	(148.8)	-	68.4
Groupe SEB Export	38.0	100%	38.0	85.7	-	6.3
Groupe SEB Moulinex	(12.3)	100%	44.3	11.2	-	
Groupe SEB Retailing	2.3	100%	3.0	0.0	-	
Seb Alliance	29.8	100%	7.6	5.2	-	

3.1.2. Affiliates (10% to 50%-owned)

(in € millions)	Equity	% interest	Carrying amount of investment	Loans and advances given and received by the Company	Guarantees and bonds given by the Company	Dividends received by the Company during the year
S.I.S.	3.6	46.81%	0.5	6.3	-	0.9
Domaine de Seillac S.A. (at 31 December 2003)	(0.8)	24.75%	0	-	-	-

As allowed by Article 24 paragraph 11 of decree 83.1020 dated 29 November 1983, the results of individual subsidiaries are not disclosed because the Company considers that disclosure of this information could be seriously prejudicial to its interests. Additional information analysed by geographic segment is provided in the notes to the consolidated financial statements (Note 4 – Segment information). Consolidated Group revenue generated by direct and indirect subsidiaries and affiliates totalled €3,963.3 million in 2011 and profit attributable to owners of the parent came to €234.6 million.

Note 3.2. AGGREGATE INFORMATION ON OTHER SUBSIDIARIES AND AFFILIATES

At 31 December 2011 the aggregate carrying amount of the Company's investments in other subsidiaries and affiliates was €0.2 million.

NOTE 4 OTHER RECEIVABLES

Other receivables correspond to (i) income tax prepayments amounting to €20.3 million, less €7.7 million in tax due for the consolidated tax group, and (ii) €7.5 million in financial instruments.

NOTE 5 PROVISIONS FOR CONTINGENCIES AND CHARGES

Changes in provisions for contingencies and charges for the year were as follows:

(in € millions)	2010	Increases	Reversals (unused)	Utilisations	2011
Provisions for claims and litigation	0				
Provisions for currency risks	2.1	72.4		2.1	72.4
Provisions for other risks	17.7			4.5	13.2
TOTAL PROVISIONS FOR CONTINGENCIES	**19.8**	**72.4**	**0.0**	**6.6**	**85.6**
Provisions for group relief	121.7	20.5	1.0	0.3	140.9
TOTAL PROVISIONS FOR CHARGES	**121.7**	**20.5**	**1.0**	**0.3**	**140.9**
TOTAL	**141.5**	**92.9**	**1.0**	**6.9**	**226.5**

(in € millions)	2009	Increases	Reversals (unused)	Utilisations	2010
Provisions for claims and litigation	0.0				0.0
Provisions for currency risks	3.3	2.1		3.3	2.1
Provisions for other risks	0.0	17.7	0	0.0	17.7
TOTAL PROVISIONS FOR CONTINGENCIES	**3.3**	**19.8**	**0**	**3.3**	**19.8**
Provisions for group relief	114.7	14.2	0	7.2	121.7
TOTAL PROVISIONS FOR CHARGES	**114.7**	**14.2**	**0**	**7.2**	**121.7**
TOTAL	**118.0**	**34.0**	**0**	**10.5**	**141.5**

In line with the principles described in Note 1.5, a €72.4 million provision for currency risks was recorded at 31 December 2011.

A €13.2 million provision for unrealised losses on stock options was recorded to cover the outflow of resources arising from exercise of the options granted under current plans.

Tax savings resulting from group relief for tax losses incurred by certain companies in the tax group will be transferred back to the companies concerned if and when they return to profit. They were covered by a provision for an aggregate amount of €140.9 million at 31 December 2011.

NOTE 6 MATURITIES OF RECEIVABLES AND PAYABLES

All receivables are due within one year, apart from (i) an €8.8 million subordinated loan granted to Groupe SEB Iberica, (ii) a €2.6 million long-term loan granted to Groupe SEB Schweiz, (iii) €4.0 million in deferred debt issuance costs, and (iv) the €0.5 million bond redemption premium.

All payables are due within one year, with the exception of:

- the €300 million worth of bonds redeemable at maturity in June 2016;
- the Schuldschein loan, repayable in two instalments in August 2013 and August 2015 for €113.5 million and €47.5 million respectively;

- employee profit-sharing accounts of €5.6 million due in 2013, €8.6 million due in 2014, €6.6 million due in 2015 and €11.7 million due in 2016.

			Maturities at 31 December 2011		
(in € millions)	2010	2011	Due within 1 year	Due in 1 to 5 years	Due beyond five years
Bank borrowings	226.0	542.1	71.1	471.0	
Commercial paper	100.2	173.3	173.3		
Intra-group borrowings	371.2	414.8	414.8		
Other borrowings	0.3	0.3			0.3
Non-discretionary profit sharing liability	28.6	36.8	4.0	32.8	
TOTAL	**726.1**	**1,167.3**	**663.2**	**503.8**	**0.3**

A key source of financing for the Group is its €600 million commercial paper programme, which has been rated A2 by Standard & Poor's for several years. Outstanding commercial paper under this programme totalled €173 million at the year-end. All commercial paper is due in less than three months.

NOTE 7 RELATED PARTY TRANSACTIONS

Certain balance sheet items contain amounts concerning related party transactions, as follows:

	2011		2010	
(in € millions)	Related parties	Direct investments	Related parties	Direct investments
Non-current financial assets	460	826	407	360.9
Receivables	0.3	2.7	0.2	1.1
Payables	195.2	225.7	107.9	265.2
TOTAL	**655.5**	**1,054.4**	**515.1**	**627.2**

The main advances granted to related parties as at 31 December 2011 concerned Groupe SEB Holdings (€169 million) and All-Clad Metal Crafter (€122.4 million).

NOTE 8 INCOME AND EXPENSES CONCERNING RELATED PARTIES

(in € millions)	2011	2010
OPERATING EXPENSES		
Trademark registration fees	0.2	0.2
Management fees	3.2	3.0
OPERATING INCOME		
Royalties	0.2	0.2
FINANCIAL EXPENSES		
Interest expense	1.9	0.9
FINANCIAL INCOME		
Investment income	141.0	73.3
Income from receivables	6.3	4.7

NOTE 9 ACCRUALS ACCOUNTS

Note 9.1. DEFERRED CHARGES

(in € millions)	2011	2010
Financial expenses	4.0	1.1
TOTAL	**4.0**	**1.1**

Note 9.2. CONVERSION GAINS AND LOSSES

(in € millions)	2011	2010
Receivables and payables denominated in foreign currency	71.0	0.6
Financial instruments	1.5	1.6
TOTAL CONVERSION LOSSES – ASSETS	**72.5**	**2.2**

(in € millions)	2011	2010
Receivables and payables denominated in foreign currency	29.3	3.3
Financial instruments	5.9	1.1
TOTAL CONVERSION GAINS – LIABILITIES	**35.2**	**4.4**

Note 9.3. DEFERRED INCOME

(in € millions)	2011	2010
Loans to subsidiaries and affiliates	1.9	1.3
Trade receivables	0.0	0.1
TOTAL	**1.9**	**1.4**

Note 9.4. ACCRUED EXPENSES

(in € millions)	2011	2010
Bank borrowings	10.8	3.1
Other borrowings	0.9	0.5
Trade payables	0.3	0.5
Accrued taxes and payroll costs	1.5	2.4
Other payables	0.3	0.3
TOTAL	**13.8**	**6.8**

NOTE 10 NET NON-RECURRING EXPENSE

(in € millions)	2011	2010
Group relief	0.0	0
Net provision for group relief to be transferred to subsidiaries	(19.4)	(6.9)
Gains and (losses) on sales of own shares	(2.8)	(13.7)
Other	(1.0)	0.4
Non-recurring expense transfer	3.2	10.3
TOTAL	**(19.9)**	**(9.9)**

A total of 640,421 SEB S.A. shares were sold during the year, generating a net loss of €2.8 million. Of the total losses recorded on sales of SEB S.A. shares during the period from December 2010 to November 2011, €3.2 million was billed back to the French subsidiaries (non-recurring expense transfer).

Group relief is discussed in Note 11 and provisions for contingencies in Note 5.

NOTE 11 GROUP RELIEF

Under group relief rules, tax savings resulting from tax losses incurred by companies in the tax group are initially recognised by SEB S.A. and are transferred back to the companies concerned if and when they return to profit.

The tax benefit recorded in 2011 corresponds to the difference between:

- the tax group's income tax benefit of €28.9 million, breaking down as follows:
  - €3.5 million in definitively acquired tax savings,
  - a €25.7 million benefit resulting from the tax losses of the members of the tax group arising during the year (including €4.6 million for the Company's own tax losses and €1 million related to differences in tax rates),
  - a €0.3 million expense resulting from the use of tax loss carryforwards; and
- a €0.3 million benefit related to tax audits concerning prior years.

To neutralise the effects of group relief, a provision is recorded under "Non-recurring expenses" to cover the tax loss carryforwards generated by members of the tax group other than SEB S.A. The provisions are reversed through "Non-recurring income" when the tax loss carryforwards are utilised. Movements during the year were as follows:

- a €20.5 million addition to provisions for tax losses of subsidiaries other than SEB S.A. arising during the year;
- a €1.2 million reversal in respect of tax losses utilised, of which €0.8 million related to recent tax audits.

NOTE 12 INCOME TAX ANALYSIS

Income tax for 2011 can be analysed as follows:

(in € millions)	Before tax	Tax expense/(benefit)	After tax
Profit from ordinary activities	68.4	(4.7)	63.7
Net non-recurring expense	(19.8)	(7.1)	(26.9)
Tax loss carryforwards generated/(utilised)		11.9	11.9
Group relief		29.2	29.2
TOTAL	**48.6**	**29.2**	**77.8**

NOTE 13 OFF-BALANCE SHEET COMMITMENTS

(in € millions)	31 December 2011 Notional amount	31 December 2011 Market value	31 December 2010 Notional amount	31 December 2010 Market value
MARKET CONTRACTS				
Currency swaps (foreign currency borrower)	248.8	(2.6)	261.5	4.5
Currency swaps (foreign currency lender)	-	-	0	0
Forward sales of foreign currencies	143.2	4.5	111.2	3.8
Forward purchases of foreign currencies	203.8	(4.2)	66.9	(1.6)
Interest rate swaps	10.0	-	20	(0.2)
Aluminium derivatives	34.0	(3.8)	34	1.8
Nickel derivatives	4.4	(0.5)	3.8	0.9
CONTRACTS WITH SUBSIDIARIES				
Currency swaps (foreign currency lender)	7.4	-	6.9	0.1
Forward purchases of foreign currencies	6.7	0.40	7.5	0.1
Aluminium derivatives	34.0	(3.8)	34	1.8
Nickel derivatives	4.4	(0.47)	3.8	0.9

The use and accounting treatment of financial instruments are discussed in Note 1.5.

The market value of financial instruments represents the gain or loss that would be recognised if the contracts were settled on the market on 31 December 2011. It is estimated based on the exchange rate and interest rate on 31 December 2011 or obtained from the counterparty banks.

Notional amounts represent the notional amounts of the contracts.

NOTE 14 PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

Thierry de La Tour d'Artaise is a member of the top-hat pension scheme set up for French members of the Group Executive and Management Committees. This scheme, which is in addition to the applicable statutory schemes, is made up of a defined contribution plan (known as the "Article 83" plan) and a defined benefit plan comprising:

- A deferred compensation plan, under which beneficiaries are subject to seniority conditions and the benefits are only payable if the executive is still a member of the Group when he retires. The amount of benefits payable under this plan in addition to the applicable statutory schemes represents up to 25% of a reference remuneration calculated as the average of the target remuneration for the executive's final three years of service with the Group.
- A supplementary pension plan, under which beneficiaries are also subject to seniority conditions and the benefits are only payable if the executive is still a member of the Group when he retires. Entitlements under this plan vest at an annual rate of 0.8% of a reference remuneration calculated as the average of the target remuneration for the executive's final three years with the Group. The number of years for which entitlements may accrue under this plan has been capped at 20, representing a total of 16% of the reference remuneration.

To qualify for the defined benefit plan, Group executives must have been a member of the Executive or Management Committee for at least eight years.

The aggregate benefits payable under both the top-hat scheme and the applicable statutory schemes are capped at 41% of the reference remuneration.

In addition, on 19 March 2010, the Board of Directors decided to cap the reference remuneration that serves as the basis for the pension benefit calculations at 36 times the annual Social Security ceiling applicable at the executive's retirement date.

The Group's objective is to fund the entire benefit obligation by making regular top-up contributions to an external fund. Payments have been made to the fund since 2008.

TERMINATION BENEFITS

Thierry de La Tour d'Artaise is not entitled to a termination benefit in the event of loss of office.

His employment contract, signed when he joined the Group in 1994 and last amended when he was appointed Chief Executive Officer, was suspended on 1 March 2005 for the duration of his term as corporate officer.

In the same way as for other Executive Committee members, the contract stipulates that in the event of termination of his employment contract at Groupe SEB's initiative, except as a result of gross negligence or serious misconduct, or at his own initiative following a change of control of Groupe SEB, Thierry de La Tour d'Artaise will be eligible for a total termination benefit equal to two years' remuneration. Following adoption of France's TEPA Act, an addendum to this contract was signed making the termination benefit subject to performance conditions. The revised contract stipulates that the termination benefit, set at a maximum of two years' gross salary and bonus, will be adjusted based on the achievement rate of targets set over Thierry de La Tour d'Artaise's last four years of service, as follows:

- if average actual performance falls short of the targets by 50% or more, no termination benefit will be paid;

- if average actual performance represents 50% to 100% of the targets, between 75% and 100% of the termination benefit will be paid;
- if average actual performance exceeds the targets, the termination benefit will be paid in full.

The Board of Directors may, at its discretion, reduce the termination benefit by as much as 50% if the Group reports a loss for the year preceding the one in which Thierry de La Tour d'Artaise is removed from office, provided that the termination benefit does not represent less than his salary and bonus for that year if his average actual performance is at least equal to 50% of the applicable targets.

Thierry de la Tour d'Artaise's suspended employment contract does not contain any no-compete clause.

As Thierry de La Tour d'Artaise term of office was renewed on 13 May 2008, in accordance with the October 2008 AFEP-MEDEF Corporate Governance Code, the Board of Directors decided to review the situation related to his termination benefit in 2012 when his current term of office is due to expire.

NOTE 15 UNRECOGNISED DEFERRED TAXES

At 31 December 2011, the Company had an unrecognised deferred tax asset of €12.7 million (€1.4 million at 31 December 2010), corresponding to non-deductible provision charges and unrealised exchange gains deductible in the following year.

NOTE 16 STOCK OPTION PLANS

Information about stock option plans at 31 December 2011 is provided below:

At 31 December 2011	Date			Number of options**				
Type of option	Option grant date***	Option exercise date	Option expiry date	Granted	Exercised	Cancelled	Outstanding	Exercise price** (in €)
Purchase of existing shares	18/06/2003	18/06/2007	18/06/2011	612,150	580,128	32,022	-	24.24
Purchase of existing shares	18/06/2004	18/06/2008	18/06/2012	539,100	343,043	17,400	178,657	31.67
Purchase of existing shares	08/04/2005	08/04/2009	08/04/2013	554,700	379,647	20,100	154,953	28.00
Purchase of existing shares	16/06/2006	16/06/2010	16/06/2014	589,798	367,147	14,707	207,944	29.33
Purchase of existing shares	20/04/2007	20/04/2011	20/04/2015	579,150	129,466	8,100	441,584	44.00
Purchase of existing shares	13/05/2008	13/05/2012	13/05/2016	1,005,900	-	21,300	984,600	38.35
Purchase of existing shares	12/06/2009	12/06/2013	12/06/2017	371,300	-	3,600	367,700	28.05
Purchase of existing shares	18/06/2010	18/06/2014	18/06/2018	412,592	-	750	411,842	53.86
TOTAL*				**4,664,690**	**1,799,431**	**117,979**	**2,747,280**	
* Of which, movements in 2011				0	275,642	11,192	(286,834)	

** *The number of options and the exercise price for plans set up prior to 16 June 2008 were adjusted following the three-for-one stock split that took place on 16 June 2008.*

*** *The grant date corresponds to the date of the Board Meeting when the option grants were decided.*

NOTE 17 EQUITY

Share capital

At 31 December 2011, the Company's share capital amounted to €50 million, made up of 49,951,826 shares with a par value of €1 each, representing 71,229,471 voting rights (excluding own shares held).

Changes in equity (in € millions)

EQUITY AT 31 DECEMBER 2010 BEFORE APPROPRIATION OF PROFIT	**819.7**
2010 dividend paid in 2011	(58.4)
Net profit for the year	77.8
Changes in share capital – Shares issued on exercise of stock options and share cancellations	
Corresponding issue premium	
EQUITY AT 31 DECEMBER 2011	**839.1**

EQUITY AT 31 DECEMBER 2009 BEFORE APPROPRIATION OF PROFIT	**825.2**
2009 dividend paid in 2010	(51.2)
Net profit for the year	45.7
Changes in share capital – Shares issued on exercise of stock options and share cancellations	0
Corresponding issue premium	0
EQUITY AT 31 DECEMBER 2010	**819.7**

Potential ordinary shares at 31 December 2011

There are no convertible bonds or equity notes outstanding or securities not representing capital.

NOTE 18 EMPLOYEES

The Company had one employee in 2011 and 2010.

NOTE 19 SUBSEQUENT EVENTS

None.

6.3. FIVE-YEAR FINANCIAL SUMMARY

(in € thousands)	2011	2010	2009	2008	2007
SHARE CAPITAL AT YEAR-END					
a) Share capital	49,952	49,952	49,952	50,912	50,881
b) Number of shares outstanding	49,951,826	49,951,826	49,951,826	50,912,138	50,880,558
c) Number of convertible bonds outstanding	0.00	0.00	0.00	0.00	0.00
RESULTS OF OPERATIONS					
a) Net revenue	0.00	0.00	0.00	0.00	0.00
b) Profit before tax, depreciation, amortisation and provisions	160,295	49,519	44,510	157,243	127,335
c) Income tax	(29,186)	14,710	(26,496)	(39,145)	(3,451)
d) Net profit	77,779	45,722	74,108	152,894	91,775
e) Dividend payout*	62,403	51,237	45,403	46,065	50,251
PER SHARE DATA *(in €)*					
a) Earnings per share after tax and before depreciation, amortisation and provisions	3.79	0.70	1.42	3.86	2.57
b) Earnings per share	1.56	0.92	1.48	3.00	1.80
c) Dividend per share	1.25	1.17	1.04	0.94	0.93
EMPLOYEES					
a) Number of employees	1.00	1.00	1.00	1.00	1.00
b) Total payroll	1,833	2,196	2,376	1,475	2,267
c) Total payroll taxes	510	2,246	2,667	2,703	598

* *Including the supplementary dividend (provisional amount for 2011).*

6.4. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

To the Shareholders,

In accordance with our appointment as statutory auditors at your Annual General Meeting, we hereby report to you for the year ended 31 December 2011 on:

- the audit of the accompanying financial statements of SEB SA,
- the justification of our assessments,
- the specific verifications and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of 31 December 2011 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

II. Justification of our assessments

Pursuant to the requirements of Article L. 823-9 of the French Commercial Code (*Code de Commerce*) on the justification of our assessments, we draw your attention to the following matter:

As indicated in Note 1.3 to the financial statements, the Company records provisions for impairment of its equity investments when their carrying value falls below their historical cost. Provisions are determined based on the share of equity held, the market value of the securities, when it can be known and the medium and long-term profitability outlook of the equity investments concerned. Our procedures consisted in assessing the data and assumptions on which such provisions are based and verifying the Company's calculations.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

III. Specific verifications and disclosures

We have also performed the other procedures required by law, in accordance with professional practice standards applicable in France.

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the management report of the Board of Directors and the documents addressed to the shareholders in respect of the financial position and the financial statements.

We have verified the consistency of the information provided pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de Commerce*) relating to the remuneration and benefits received by corporate officers and any other commitments made in their favor with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Pursuant to the law, we have verified that the management report contains the appropriate disclosures as to the identity of and percentage interests and votes held by shareholders.

Lyon and Villeurbanne, 16 March 2012

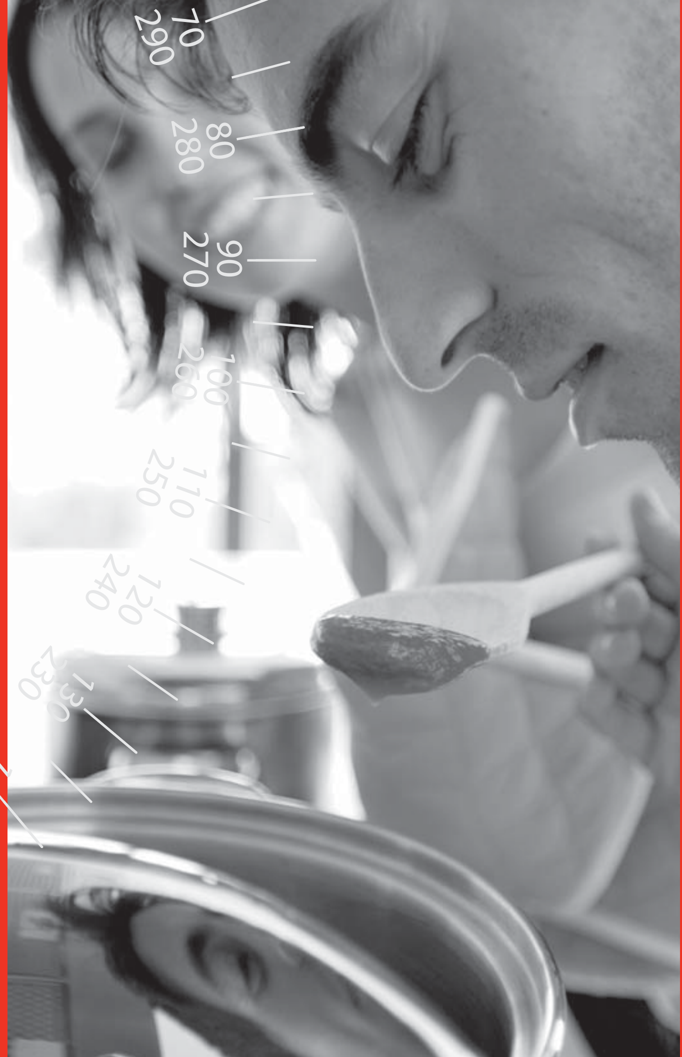
The Statutory auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Bernard RASCLE	Dominique VALETTE

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. The statutory auditors’ report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the auditors’ assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

7

Information on the Company and its share capital



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7.1. GENERAL INFORMATION CONCERNING SEB S.A.

Corporate name: SEB S.A.

Registered head office: Les 4M | Chemin du Petit-Bois | 69130 Écully, France

Tel.: +33 (0) 472 18 18 18 | Fax: +33 (0) 472 18 16 55

Business registration number: 300 349 636 RCS Lyon

Industrial classification (NACE) code: 6420 Z

Legal form: French limited company (*société anonyme*)

Financial year: 1 January to 31 December

Governing law: French

Duration: 99 years from 1973

Corporate objects (Article 3, Company bylaws)

The object of the Company in France and abroad covers:

- investment in any company involved in any form of business and, in consequence, the acquisition or subscription of all types of shares, warrants, capital holdings and interests, all types of securities, as well as the disposal of the said investments and marketable securities;
- all operations concerning the financing of its subsidiaries and other companies in which it owns or may acquire a holding;
- the acquisition and registration of patents or inventions and the granting of all forms of licences for the use of these patents;
- the acquisition, construction and management of real estate and its disposal;
- all operations contributing to the development of the Company and to the achievement of the objects specified above.

Statutory allocation of profits (Article 46, Company bylaws)

Profits are allocated in accordance with legal requirements and regulations. Payment of dividends is made in priority over distributable profits.

The Annual General Meeting may offer shareholders an option to choose payment of dividends in cash or in the form of new shares.

A supplementary dividend payment per share of 10% of the unit value of the dividend in question, which may be rounded down to the nearest even number of euro cents, shall be paid in respect of shares registered without interruption by the same shareholder in the nominal register for at least two financial years preceding the dividend payment, and which are still registered on the ex-dividend date. For any one shareholder, this supplement is limited to a number of shares which may not exceed 0.5% of share capital. This supplement can be altered or cancelled by decision of an Extraordinary General Meeting of Shareholders which will then decide on any new terms and conditions.

The General Meeting also has the power to decide on the distribution of amounts to be drawn from the reserves at its disposal. In this case, the reserve accounts from which funds are to be drawn are explicitly indicated.

General Meetings of Shareholders (Article 30 et seq.)

Shareholders are notified of the AGM in accordance with legal requirements.

Each shareholder has the right to attend General Meetings or to be represented, regardless of the number of shares held, provided that the said shares are fully paid up and registered in either the shareholder's name or in the name of the intermediary registered on the shareholder's behalf, at zero hour, French time, on the third business day preceding the General Meeting, either in the accounts of registered shares held by the Company, or in bearer share accounts held by the qualified intermediary.

Double voting rights (Article 35, Company bylaws)

Each member attending the meeting is entitled to exercise one vote for every share they hold or represent. However, double voting rights are conferred on fully-subscribed, registered nominal shares held by the same person for at least five years (decision by the General Meeting of 15 June 1985). Entitlement to double voting rights expires if the shares concerned are converted to bearer status or if their ownership is transferred, except in cases where the transfer involves a change of name in the nominal register subsequent to family inheritance or endowment. In the event of an increase in capital by incorporation of reserves, income or issue premiums, double voting rights are conferred, from the time of issue, on registered shares allocated free of charge to a shareholder on the basis of shares already held which bear this entitlement.

Limitation of voting rights

There is no statutory limitation on voting rights.

Statutory threshold clause (Article 8, Company bylaws)

There exists an obligation to disclose any holding which exceeds a threshold of 2.5% (or any multiple thereof) of the Company's capital or voting rights.

Identity of bearer shareholders

The Company may at any time, in accordance with legal provisions and regulations in force, ask the Euroclear France securities settlement agency to provide:

- the personal name or company name, address and nationality of holders of shares in the Company;
- the quantity of shares held by each of them;
- where applicable, any restrictions to which these shares may be subject.

SEB S.A. made such a request to know the identity of its shareholders on 31 December 2011.

Share capital at 31 December 2011

At 31 December 2011, share capital stood at €49,951,826 and was made up of 49,951,826 fully paid-up shares, representing 73,561,268 total "theoretical" voting rights, and 71,229,471 effective voting rights (excluding treasury stock).

There are no stricter conditions than the law to modify shareholder rights.

Elements which could affect a hypothetical takeover bid

In compliance with Article L. 225-100-3 of the French Commercial Code, elements which could affect a hypothetical takeover bid are stated below:

CAPITAL STRUCTURE OF THE COMPANY

See following page: "Breakdown of share capital and voting rights on 31/12/2011."

SHAREHOLDER AGREEMENTS OF WHICH THE COMPANY IS AWARE

See page 162: "Shareholder agreements – concerted voting block".

POWERS OF THE BOARD OF DIRECTORS IN THE EVENT OF A TAKEOVER BID

The General Meeting of 17 May 2011 authorised the Board of Directors to implement a share buyback programme in the event of a takeover bid, subject to legal and regulatory provisions.

7.2. GENERAL INFORMATION **ON SHARE CAPITAL**

Breakdown of share capital and voting rights on 31 December 2011

	Share capital				Votes			
	OGM		EGM		OGM		EGM	
FÉDÉRACTIVE	10,152,018	20.33%	0		19,587,877	27.50%	0	
FÉDÉRACTIVE Associates	1,629,203	3.26%	11,781,221	23.58%	3,126,090	4.39%	22,713,967	31.89%
SUB-TOTAL	**11,781,221**	**23.59%**	**11,781,221**	**23.58%**	**22,713,967**	**31.89%**	**22,713,967**	**31.89%**
VENELLE INVESTISSEMENT	7,461,243	14.94%	17,902	0.04%	14,889,963	20.91%	17,905	0.03%
VENELLE INVESTISSEMENT Associates	2,070,646	4.14%	9,990,849	20.00%	3,869,591	5.43%	19,695,373	27.65%
SUB-TOTAL [(a)]	**9,531,889**	**19.08%**	**10,008,751**	**20.04%**	**18,759,554**	**26.34%**	**19,713,278**	**27.68%**
FOUNDER GROUP	**21,313,110**	**42.67%**	**21,789,972**	**43.62%**	**41,473,521**	**58.23%**	**42,427,245**	**59.57%**
FFP Invest	2,521,522	5.05%	2,521,522	5.05%	2,521,522	3.54%	2,521,522	3.54%
Employees	1,543,562	3.09%	1,543,562	3.09%	2,819,720	3.96%	2,819,720	3.96%
French investors [(a)]	9,512,003	19.04%	9,035,141	18.09%	10,788,224	15.15%	9,834,500	13.81%
Foreign shareholders	9,011,560	18.04%	9,011,725	18.04%	9,093,052	12.77%	9,093,382	12.77%
Individual shareholders	3,718,272	7.44%	3,718,107	7.44%	4,533,432	6.35%	4,533,102	6.35%
Treasury shares	2,331,797	4.67%	2,331,797	4.67%				
TOTAL	**49,951,826**	**SHARES**			**71,229,471**	**VOTING RIGHTS**		

(a) The usufruct of 476,862 SEB shares representing 953,724 voting rights, of which bare ownership belongs to the associates of VENELLE INVESTISSEMENT, is held by the Fondation de France (462,000 shares, 924,000 voting rights) and by the Association Canoniale (14,862 shares, 29,724 voting rights).
It is also stated that before each SEB General Meeting until 12 May 2013, the Fondation de France has undertaken to assign power of proxy of its voting rights to the associates of VENELLE INVESTISSEMENT for a total of 577,500 shares (including the 462,000 previously stated) and 1,155,000 voting rights.

The term "Founder Group" used in the table above refers to a group of natural persons who are either direct descendants of the Lescure family or related to the family through marriage.

The natural person members of the Founder Group hold SEB shares either:

- in full ownership;
- or in bare ownership where the corresponding usufruct has essentially been temporarily assigned to their respective holding company i.e.:
  - FÉDÉRACTIVE: a controlling holding company, which principally represents the equity interests of the founding family, for natural person shareholders who are associates of FÉDÉRACTIVE,
  - VENELLE INVESTISSEMENT: a family controlling holding company for natural person shareholders who are associates of VENELLE INVESTISSEMENT.

As a reminder, voting rights attached to stripped shares belong to the bare holder for decisions concerning the Extraordinary General Meeting (EGM) and to the usufruct holder for those concerning the Ordinary General Meeting (OGM).

The voting rights indicated in the table above, a total of 71,229,471, are "effective" voting rights. This number excludes shares without voting rights, such as treasury stock held by SEB S.A.

The total number of "theoretical" voting rights is 73,561,268. This number includes, under the terms of Article 223–11 of the AMF general regulations, all shares with voting rights attached, as well as non-voting shares (for instance, shares held by SEB S.A. or treasury stock).

On the basis of this total number of "theoretical" voting rights and for illustrative purposes:

- the FÉDÉRACTIVE sub-total amounts to 30.88% of the OGM and EGM voting rights;
- the VENELLE INVESTISSEMENT sub-total amounts to 25.50% of the OGM voting rights and 26.80% of the EGM voting rights;
- as a whole, the Founder Group sub-total amounts to 56.38% of the OGM voting rights and 57.68% of the EGM voting rights.

Registered nominal shares held by the same person for at least five years give entitlement to double voting rights.

SHAREHOLDER AGREEMENTS – CONCERTED VOTING BLOCK

The FÉDÉRACTIVE and VENELLE INVESTISSEMENT family holdings, representing together with their associates 59.57% of voting rights, confirmed their intention to implement a sustainable management policy for Groupe SEB in writing to the AMF (French Markets Authority) in letters dated 11 and 12 May 2009, with a view to ensuring the longevity of their control and thus pursuing the concerted voting block in place between the members of the Founder Group since May 1989.

The non-renewal of the shareholder agreement of 5 November 2005 which ended on 5 November 2009 does not therefore terminate the concerted voting block existing between the parties to the agreement under the terms of Article L. 233-10 of the French Commercial Code (AMF D&I no. 209C0644 dated 12 May 2009).

The representatives of the two family holdings have further declared to the Board of Directors their wish to exchange views prior to any significant decision and to maintain their previous agreement on the composition of the Board as determined in the agreement of 2005. In this respect, FÉDÉRACTIVE may propose the appointment of five members of the Board and VENELLE INVESTISSEMENT may propose the appointment of four members.

FÉDÉRACTIVE Agreement

On 9 July 2008, SEB shareholder associates of FÉDÉRACTIVE signed a shareholder agreement reinforcing their commitment to the Group.

The provisions of this agreement foresee preferential conditions between its signatories for the sale or acquisition of SEB shares held, as well as a binding exit clause. The provisions also envisage the participation of other investors willing to provide lasting commitment to the development of Groupe SEB and to take part in shareholder policies alongside the FÉDÉRACTIVE Founder Group members (AMF D&I no. 208C1659 dated 11 September 2008).

VENELLE INVESTISSEMENT Agreement

On 12 May 2009, VENELLE INVESTISSEMENT, its associates and shareholder members entered into a shareholder agreement to ensure that VENELLE INVESTISSEMENT, its associates and shareholder members mutually agree as a matter of priority to propose a prior right to acquisition applicable to any transfer or sale of share subject to pre-emptive rights (AMF D&I no. 209C0743 dated 27 May 2009).

COLLECTIVE UNDERTAKINGS TO HOLD SHARES

Two collective undertakings to hold SEB shares were renewed early on 13 December 2011, for a term of two years, by a number of SEB S.A. shareholders, including: VENELLE INVESTISSEMENT; Thierry de La Tour d'Artaise in his capacity as Chairman and Chief Executive Officer; individual family group shareholders; Foncière, Financière et de Participations Invest (FFP Invest); and other shareholders.

These undertakings were as follows:

- a collective undertaking to hold SEB shares, expiring on 28 December 2011, extended to 13 December 2013, signed pursuant to Article 885 I bis of the French Income Tax Code (a "Dutreil" agreement) and pertaining to 20.56% of the capital and 27.58% of the voting rights of SEB S.A.;
- a collective undertaking to hold SEB shares, expiring on 10 July 2012, extended to 13 December 2013, signed pursuant to Article 787 B of the French Income Tax Code (a "Jacob" agreement) and pertaining to 20.46% of the capital and 27.70% of the voting rights of SEB S.A.

FFP Invest will have prior rights in the event of a family shareholder signatory deciding to sell more than 150,000 SEB shares to a third party.

Changes in share capital breakdown and voting rights over the last three years

	31/12/2011				31/12/2010				31/12/2009			
	Share capital		Votes		Share capital		Votes		Share capital		Votes	
	OGM	EGM	OGM	EGM	OGM	EGM	OGM	EGM	OGM	EGM	OGM	EGM
FÉDÉRACTIVE	20.33%	0.00%	27.50%	0.00%	20.47%	0.00%	26.59%	0.00%	19.87%	0.00%	26.32%	0.00%
FÉDÉRACTIVE Associates	3.26%	23.58%	4.39%	31.89%	3.21%	23.68%	4.15%	30.74%	3.99%	23.86%	4.89%	31.21%
SUB-TOTAL	**23.59%**	**23.58%**	**31.89%**	**31.89%**	**23.68%**	**23.68%**	**30.74%**	**30.74%**	**23.86%**	**23.86%**	**31.21%**	**31.21%**
VENELLE INVESTISSEMENT	14.94%	0.04%	20.91%	0.03%	14.94%	0.03%	20.20%	0.03%	14.94%	0.04%	20.34%	0.02%
VENELLE INVESTISSEMENT Associates	4.14%	20.00%	5.43%	27.65%	4.11%	19.97%	5.24%	26.70%	4.09%	19.95%	5.30%	26.92%
Sub-total	19.08%	20.04%	26.34%	27.68%	19.05%	20.00%	25.44%	26.73%	19.03%	19.99%	25.64%	26.94%
FOUNDER GROUP	**42.67%**	**43.62%**	**58.23%**	**59.57%**	**42.73%**	**43.68%**	**56.18%**	**57.47%**	**42.89%**	**43.85%**	**56.85%**	**58.15%**
FFP					5.05%	5.05%	6.39%	6.39%	5.81%	5.81%	7.48%	7.48%
FFP Invest	5.05%	5.05%	3.54%	3.54%								
Employees	3.09%	3.09%	3.96%	3.96%	2.97%	2.98%	3.80%	3.80%	3.46%	3.46%	4.49%	4.49%
French investors	19.04%	18.09%	15.15%	13.81%	18.28%	17.32%	14.05%	12.76%	19.22%	18.26%	14.53%	13.23%
Foreign shareholders	18.04%	18.04%	12.77%	12.77%	21.28%	21.28%	14.54%	14.54%	16.70%	16.70%	11.53%	11.53%
Individual shareholders	7.44%	7.44%	6.35%	6.35%	5.72%	5.72%	5.04%	5.04%	5.61%	5.61%	5.12%	5.12%
Treasury shares	4.67%	4.67%			3.97%	3.97%			6.31%	6.31%		
		49,951,826 SHARES		**71,229,471 VOTES**		**49,951,826 SHARES**		**73,718,840 VOTES**		**49,951,826 SHARES**		**73,157,874 VOTES**

Although the Company is monitored, the organisation and operating methods of the Board of Directors and the Committees ensure balanced control and effective management of conflicts of interest. Effectively, excluding the Chairman:

- five Board members, of whom four are independent, are not members of the Founder Group;
- the nine members of the Board representing the Founder Group are subject to the same regulations as other directors, concerning the interest of the Company and the rules stated in the charter and Internal Regulations.

In addition, each year since 2003 (except in 2009 due to lack of time), the Board has assessed its operations, ensuring that all rules applicable to good corporate governance are respected.

At 31 December 2011, almost 5,500 shareholders owned registered SEB shares and 31,000 shareholders held SEB bearer shares. (Source: TPI inquiry dated 31 December 2011.)

To the knowledge of the Company, there are no other shareholders who own directly, indirectly or jointly with others, 5% or more of share capital or voting rights.

SHARES IN THE SEB S.A. NOMINAL REGISTER USED AS COLLATERAL, AT 31 DECEMBER 2011

During the year, 11 individual shareholders used SEB shares registered in the SEB S.A. nominal register as collateral for loans in favour of their financial intermediaries. This concerned a total of 71,875 shares, or 0.14% of share capital.

Changes in share capital over the last five years

Year	Type of issue of share capital	Amount of change in shares	Nominal *(in €)*	Additional paid-in capital *(in €)*	Total share capital *(in €)*
2007 December	Issue of shares arising from the exercise of subscription stock options	32,486	97,458	1,764,999	51,153,918
	Cancellation of shares	(91,120)	(273,360)	(7,719,631)	50,880,558
2008 June	3-for-1 split of the nominal share price (from €3 to €1)	33,920,372			50,880,558
December	Issue of shares arising from the exercise of subscription stock options	31,580	31,580	581,463	50,912,138
2009 March	Cancellation of shares	(1,000,000)	(1,000,000)	(29,629,143)	49,912,138
December	Issue of shares arising from the exercise of subscription stock options	39,688	39,688	664,660	49,951,826
2010	No change to share capital				49,951,826
2011	No change to share capital				49,951,826

Potential share capital at 31 December 2011

There are no longer any subscription stock options proposed to employees and none that can be exercised.

There are no convertible bonds or equity notes outstanding or securities not representing capital.

Changes in share capital breakdown over the last three years

There was no significant change in the breakdown of the Company's share capital during 2009, 2010, or 2011 with the exception of the reclassification of FFP shares as FFP Invest shares in December 2011.

7.3. FINANCIAL AUTHORISATIONS

Authorisation to issue shares and other securities

Type of operation	Date of authorisation	Expiry of authorisation	Maximum amount authorised	Used at 31/12/2011
Purchase of its own shares by the Company at a maximum price of €130	05/11	07/12	€649,373,660	€43,983,649
Cancellation of its own shares by the Company	05/11	07/12	10% of nominal capital, i.e. 4,995,182 shares per 24-month period	
Issue of all types of securities with preferential subscription rights	05/11	07/12	Issue of share capital: €5,000,000	
	05/11	07/12	Issue of receivables: €150,000,000	
Issue of all types of securities without preferential subscription rights	05/11	07/12	Issue of share capital: €5,000,000	
	05/11	07/12	Issue of receivables: €150,000,000	
Issue of shares reserved for employees participating in Company savings schemes	05/11	07/12	€499,518 of nominal capital, i.e. 499,518 shares	
Issue of share capital by incorporation of reserves, income, shares or other premiums	05/11	07/12	€10,000,000	

Authorisation for the Company to trade in its own shares

Following the authorisation granted by the General Meetings of 2010 and 2011 and in Article 225-209 of the French Commercial Code, your Board bought back 671,591 shares in 2011 at an average price of €65.49. 275,642 shares were sold as part of the exercise of stock options at an average price of €35.84 and 49,571 free performance-based shares were awarded under the 2009 plan.

Furthermore, 319,929 shares were purchased at an average price of €63.24, and 315,208 shares were sold at an average price of €63.23 under a liquidity agreement.

At 31 December 2011, the Company had 2,331,797 treasury shares, i.e. 4.67% of its share capital, of which 2,323,115 under the buyback agreement and 8,682 under the liquidity agreement.

The Company will renew its request to the Annual General Meeting of 10 May 2012 for authorisation to trade in its own shares.

7.4. EMPLOYEE SHAREHOLDING

Staff mutual investment fund and direct employee shareholding

At 31 December 2011, employees of the Group's companies held 915,700 shares as part of a Company savings scheme via an employee mutual investment fund, amounting to 1.83% of share capital and 2.57% of voting rights. With the addition of directly-owned shares, employees held a total of 3.09% of share capital and 3.96% of voting rights.

Bonus and profit-sharing schemes

To attract competent and career-oriented employees at all levels and in addition to its dynamic salary and career management policies, Groupe SEB has always pursued an active policy of employee shareholding and staff participation in profits, through:

- an exceptional Group profit-sharing agreement which involves employee shareholding and profit sharing with significantly more interesting terms than legally required. Depending on the year, the exceptional part represents between two and four times the legal amount of profit-sharing;
- a Group bonus scheme agreement, based on a scheme stipulated by law but which is discretionary. This Corporate-level agreement allows a fair distribution of the sums from the bonus scheme between the employees of the different companies regardless of their business sector and performance.

In 2011, charges recognised for bonus and profit-sharing schemes amounted to €44.0 million.

Over the past five years, the sums assigned were as follows:

(in € millions)	2011	2010	2009	2008	2007	2006
	44.0*	50.3*	33.5*	38.2*	33.3	25.7

* *Of which €3.3 million corresponded to the employer's social tax contribution in 2011, €2.9 million in 2010, €1.3 million in 2009, and €0.7 million in 2008.*

Stock option and performance share allocation policy

Groupe SEB operates two types of stock option allocation schemes:

- periodically, an allocation of stock options to members of management, extended to the Group's different entities, taking account of individual potential, responsibilities and performance;
- occasionally, a broader allocation with a view to mobilising employees around a specific project.

The stock options last for eight years. They can only be exercised four years from their date of allocation.

The stock options granted to the corporate officer and to the other members of the Group Executive Committee are subject to performance-based criteria related to targets for sales and operating margin. Some of these criteria are yearly, while others pertain to a four-year period.

CHARACTERISTICS OF STOCK OPTIONS ALLOCATED

The exercise price is equal to the average of the last 20 stock market prices preceding the date of allocation by the Board. No discount is proposed on this average price.

CHARACTERISTICS OF THE PERFORMANCE-RELATED SHARES AWARDED

The shares are awarded to recipients following a two-year vesting period, subject to performance and continued employment requirements. Recipients are required to retain the shares for an additional two years.

The performance-based criteria are related to targets for sales and operating margin.

HOLDING CONDITIONS APPLICABLE TO THE CORPORATE OFFICER AND OTHER MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

- Shares originating from the exercise of stock options and free shares allocated to Thierry de La Tour d'Artaise are subject to an obligation to hold them in his name for the duration of his time in office, in the following amounts:
  - for shares originating from exercised stock options, a quantity of shares corresponding to 50% of the net gain on acquisition, net of tax and statutory deductions, realised at the time of exercise of the options,
  - for shares allocated free of charge, a quantity of shares corresponding to 50% of the net gain after taxes, statutory deductions and costs.

These amounts will be reduced to 20% of the net gain as soon as the number of shares held by Thierry de La Tour d'Artaise reaches the equivalent of two years of remuneration (basic + target bonus).

As a reminder, hedging instruments are prohibited and, to the knowledge of the Company, no such instrument has been put in place.

- Shares originating from the exercise of stock options and free shares allocated to other members of the Group Executive Committee are subject to an obligation to hold them in their name for the duration of their time in office, in the following amounts:
  - for shares originating from exercised stock options, a quantity of shares corresponding to 20% of the net gain on acquisition, net of tax and statutory deductions, realised at the time of exercise of the options,
  - for shares allocated free of charge, a quantity of shares corresponding to 20% of the net gain after taxes, statutory deductions and costs,
  - this option to hold the shares will continue to apply for as long as the number of shares held has not reached the equivalent of one year's remuneration (basic + target bonus).

History of stock option allocation for share subscription or purchase

At 31 December 2011	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan	Purchase plan
Date of AGM	14/05/2002	06/05/2004	06/05/2004	11/05/2006	11/05/2006	13/05/2008	13/05/2009	12/05/2010
Number of stock options authorised by the AGM	1,389,573	1,529,454	1,529,454	1,529,355	1,529,355	1,017,761	598,945	649,373
Duration of authorisation	3 years	3 years	3 years	3 years	3 years	3 years	14 months	14 months
Date of Board of Directors' Meeting	18/06/2003	18/06/2004	08/04/2005	16/06/2006	20/04/2007	13/05/2008	12/06/2009	18/06/2010
Number of stock options allocated [(a)]	612,150	539,100	554,700	589,798	579,150	1,005,900	371,300	412,592
of which to Group Management Board	334,290	310,500	318,600	357,000	346,350	261,600	254,250	259,442
of which to corporate officers [(a)]	115,516	104,989	105,000	105,012	105,000	105,000	71,250	59,942
of which to top employee recipients [(a)]	237,600	210,000	222,000	234,000	234,000	104,400	72,900	57,600
Number of initial recipients	103	111	110	111	109	395	111	144
Stock option exercise date	18/06/2007	18/06/2008	08/04/2009	16/06/2010	20/04/2011	13/05/2012	12/06/2013	18/06/2014
Expiry date	18/06/2011	18/06/2012	08/04/2013	16/06/2014	20/04/2015	13/05/2016	12/06/2017	18/06/2018
SUBSCRIPTION OR PURCHASE PRICE *(in €)* [(a)]	**24.24**	**31.67**	**28.00**	**29.33**	**44.00**	**38.35**	**28.05**	**53.86**
Average of last 20 prices prior to Board Meeting *(in €)* [(a)]	24.03	31.52	28.2	29.01	43.73	38.35	28.05	53.854
Number of stock options exercised [(a)]	580,128	343,043	379,647	367,147	129,466	0	0	0
Number of stock options cancelled [(a)]	32,022	17,400	20,100	14,707	8,100	21,300	3,600	750
BALANCE OF STOCK OPTIONS REMAINING TO BE EXERCISED [(a)]	**0**	**178,657**	**154,953**	**207,944**	**441,584**	**984,600**	**367,700**	**411,842**

(a) Takes into account the allocation of free shares in March 2004 (one for ten) and the three-way split on 16 June 2008.

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Performance shares allocated to staff

At 31 December 2011

Date of AGM	13/05/2009	12/05/2010
Number of shares authorised by the AGM	199,649	162,343
Duration of authorisation	14 months	14 months
Date of Board of Directors' Meeting	12/06/2009	18/06/2010
Number of shares allocated:	50,472	58,363
of which to Group Management Board	21,188	21,620
of which to corporate officers	5,938	4,995
of which to top employee recipients	13,050	12,900
Number of initial recipients:	111	144
of which Group Management Board	14	16
of which top employee recipients	29	28
Allocation date	12/06/2009	18/06/2010
Vesting date	12/06/2011	18/06/2012
Deadline for holding period	12/06/2013	18/06/2014
Number of cancelled shares	901	0
Number of shares granted	49,571	0
BALANCE OF SHARES REMAINING TO BE GRANTED	**0**	**58,363**

7.5. STOCK MARKET AND DIVIDEND INFORMATION

Stock market

The Company's shares are listed on the Paris Euronext Market, compartment A, under the code ISIN FR0000121709. They are included in the Euronext 3722 Durable Household Products index.

Stock market transactions over the last 18 months

	Highest *(in €)*	Lowest *(in €)*	Number of shares exchanged	Capital exchanged *(in € thousands)*
			Daily averages	
2010	**82.78**	**39.15**	**107,699**	**6,187**
8	59.45	55.28	72,095	4,129
9	64.83	57.80	87,443	5,390
10	69.77	61.98	89,113	5,870
11	72.92	67.69	98,865	7,012
12	82.78	71.00	90,388	6,995
2011	**82.15**	**52.00**	**143,151**	**9,754**
1	82.15	70.06	163,259	12,438
2	74.49	67.51	159,070	11,408
3	72.39	62.60	212,638	14,347
4	77.00	68.10	132,200	9,458
5	75.75	70.20	213,638	15,479
6	75.13	67.07	93,271	6,568
7	75.00	66.02	180,720	12,769
8	70.00	57.66	149,053	9,673
9	69.46	59.77	114,225	7,362
10	65.37	55.31	147,584	8,737
11	61.97	52.00	79,608	4,579
12	61.33	55.11	72,550	4,233
2012				
1	66.63	57.23	96,893	5,940

Source: Euronext Paris.

Dividends – Dividend supplement

It is the Group's policy to ensure that its shareholders are given a fair return on the capital they invest in the Group. The Board of Directors aims to ensure regular and continuous growth in dividend payments.

A 10% dividend supplement, rounded down to the nearest even number of euro cents, will be paid in 2012 to long-term shareholders in respect of shares held by the same shareholder in the nominal register since at least 31 December 2009 and still held on ex-dividend date. This dividend supplement is limited to a number of shares which may not exceed 0.5% of share capital for any single shareholder.

The term of dividend limitation is five years, as from the payment date. After this time, unclaimed dividends are paid over to the state.

Years	Number of shares remunerated	Dividend per share *(in €)*
2006		
Dividend	48,806,556	0.85
Dividend supplement	16,489,335	0.085
2007		
Dividend	47,469,969	0.93333
Dividend supplement	18,782,508	0.09333
2008		
Dividend	46,370,641	0.94
Dividend supplement	19,305,528	0.094
2009		
Dividend	47,377,592	1.04
Dividend supplement	18,885,247	0.104
2010		
Dividend	48,059,402	1.17
Dividend supplement	18,634,446	0.117

Data adjusted to take account of the three-for-one split on 16 June 2008.

A net dividend of €1.25 per share based on the 2011 results will be proposed at the Annual General Meeting of 10 May 2012. The ex-dividend date will be 15 May and the dividend will be paid on 18 May 2012.

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Annual General Meeting

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8.1. REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS PROPOSED TO THE ANNUAL GENERAL MEETING OF 10 MAY 2012

Trading in the Company's shares

At 31 December 2011, the Company held 2,331,797 of its own shares with a par value of €1, acquired at a total cost of €93,249,330.38. These shares represented 4.67% of the Company's issued capital at that date.

In 2011 the Company purchased 671,591 shares under its share buyback programme at an average price of €65.49 per share and sold a total of 275,642 shares at an average price of €35.84 following the exercise of stock options. In addition, 49,571 shares were allocated in exchange for vested rights under a performance share plan.

On 20 September 2005, the Company signed a liquidity contract with the Gilbert Dupont stockbroking firm. The contract complies with the Code of ethics issued by the French association of investment firms (AFEI), which was approved by the French securities regulator (*Autorité des Marchés Financiers*) on 22 March 2005.

During 2011, 319,929 SEB S.A. shares were purchased and 315,208 shares were sold under this contract. The transaction costs amounted to €30,764.

Shareholders will be asked to authorise the Company to trade in its own shares in compliance with European regulations. Under the terms of this resolution, the Company would be authorised to buy back the maximum number of shares allowed by law in order to:

- maintain a liquid market for the Company's shares through an investment service provider acting on a fully independent basis;
- purchase shares for allocation to eligible employees and officers of the Company;
- purchase shares for cancellation, in order to increase return on equity and earnings per share or to offset the dilutive impact of any capital increases on existing shareholders' interests;
- purchase shares for delivery or exchange in connection with any future external growth transactions;
- purchase shares for allocation on exercise of rights attached to securities that are convertible, exercisable, redeemable or otherwise exchangeable for Company shares.

The purchase price per share would be capped at €130, and the amount that could be invested in the buyback programme would therefore not exceed €649,373,660.

Dividends

We recommend raising the dividend to €1.25 per share, representing a 6.84% increase compared with the dividend paid in 2011.

For the sixteenth year running, shareholders will be entitled to a supplementary dividend, amounting to 10% of the ordinary dividend, on all shares registered in their name prior to 31 December 2009 and still held in their portfolio on the ex-dividend date (15 May 2012). These shares represent 55.35% of the outstanding total.

No single shareholder will be entitled to the supplementary dividend on any shares in excess of 0.5% of the Company's issued capital.

The dividend will be paid as from 18 May 2012.

Agreement governed by Article L. 225-40 of the French Commercial Code

The Statutory auditors' special report on related party agreements and commitments refers to the renewal of the authorisation given to the Board of Directors regarding an agreement entered into between the Company and Thierry de La Tour d'Artaise setting the performance conditions that would need to be achieved in order for him to be eligible for the payment of a termination benefit, as required in accordance with the French "TEPA" Act of 21 August 2007. Shareholders will be invited to approve the renewal of this agreement, which was initially authorised at the Annual General Meeting of 13 May 2009. Under the "TEPA" Act shareholders are required to renew their approval of such authorisations when the term of office of the person concerned is renewed. However, shareholders will be invited to approve this related party agreement now rather than waiting until 2013 given that Thierry de La Tour d'Artaise's term of office as a director is up for renewal at the 10 May 2012 Annual General Meeting and, provided he is re-elected as a director, the Board of Directors intends to re-appoint him as Chairman and Chief Executive Officer at its meeting immediately following the Annual General Meeting. The adoption of this resolution would be subject to Mr. de La Tour d'Artaise's re-election as a director by the Company's shareholders and the renewal by the Board of Directors of his term of office as Chairman and Chief Executive Officer.

Board of Directors

As the directorships of Thierry de La Tour d'Artaise, Philippe Lenain, Jérôme Wittlin and VENELLE INVESTISSEMENT will expire at this General Meeting, shareholders will be asked to re-elect them for a further four-year term.

Thierry de La Tour d'Artaise, 57, entered Groupe SEB in 1994 when he joined Calor, where he went on to become Chairman. He was appointed Vice-Chairman of SEB S.A. in 1999 and has been Chairman and Chief Executive Officer since 2000.

Philippe Lenain, 75, is an independent director. He is the former Vice-president and Managing Director of the Danone group.

Jérôme Wittlin, 52, is Managing Director of VENELLE INVESTISSEMENT. Since 2011, he has been Director of the Large Private Investors department and a member of the Executive Committee of Banque Transatlantique, a subsidiary of the Crédit Mutual CIC group.

VENELLE INVESTISSEMENT is a family-controlled holding company formed in 1997. It is represented on SEB's Board of Directors by Olivier Roclore, 57, who is the Head of the Legal and Tax department at the Ortec group.

Directors' fees

The aggregate amount of directors' fees was set at €450,000 in 2011 and the Board is not proposing that this amount be changed.

Stock options – Performance shares

In order to provide an on-going incentive to key Group employees by offering them an opportunity to share in the Group's development and results, shareholders will be asked to authorise the Board to grant stock options exercisable for a number of shares not representing more than 0.83% of the Company's capital, with an additional limit of 54,000 shares, or 0.108% of the Company's capital, applicable to options granted under the plan to the Executive Director. In line with the recommendations set out in the AFEP-MEDEF Corporate Governance Code, all of the options granted to the Executive Director and other Executive Committee members will be subject to performance conditions relating to the achievement of objectives concerning revenue and operating result from activity.

Shareholders will also be asked to authorise the Board to make performance share grants representing up to 0.13% of the Company's capital, comprising existing shares bought back for this purpose by the Company. The grants would be made to all or some employees of the Company and its subsidiaries, or to certain categories of those employees and/or to the senior executives referred to in Article L. 225-197-1 II of the French Commercial Code. In the same way as for stock options, the performance shares will vest only if certain performance targets for revenue and operating result from activity are met. Provided that these targets have been met, the shares will vest to the grantee after a minimum vesting period of two years, which will be followed by a lock-up period of at least two years.

The number of shares granted to the Executive Director will be capped at 4,500, or 0.009% of the Company's capital.

For grantees not resident in France, in accordance with the law the Board will ask for an authorisation to set a minimum vesting period of between two and four years and to waive the lock-up period if the vesting period is set at four years.

Shareholders will be asked to give the Board full powers to set the terms and conditions of the performance share grants, including drawing up the list of grantees.

Financial authorisations

At the Annual General Meeting, we will ask shareholders to give the Board the necessary powers to issue shares and share equivalents, in order to enable us to raise financing to pursue the Group's growth as and when required, based on opportunities arising in the financial markets.

The aggregate par value of shares issued under the authorisation would be capped at €5 million for issues with pre-emptive subscription rights.

In addition, to allow us to rapidly take up any opportunities that may arise, we are also seeking an authorisation to issue share equivalents without pre-emptive subscription rights. The aggregate par value of shares issued on conversion, exchange, redemption or exercise of these share equivalents would also be capped at €5 million. At the Board's discretion, shareholders could be given a priority right to subscribe each issue pro rata to their existing shareholdings, for a period and on terms to be decided by the Board.

The aggregate nominal amount of any debt securities issued pursuant to the authorisation would be capped at €150 million.

If and when the authorisations are used, the Board of Directors will prepare an additional report describing the final terms of the issue, including the basis for setting the issue price, the impact of the issue on the situation of existing shareholders and the estimated impact on the share price, as required by law.

In a separate resolution, we are also seeking an authorisation to increase the Company's capital by a maximum aggregate amount of €10 million to be paid up by capitalising retained earnings, profit or additional paid-in capital, mainly with a view to issuing bonus shares to shareholders.

Lastly, we are recommending that the maximum aggregate par value of shares to be issued pursuant to the thirteenth and fourteenth resolutions be set at €10 million.

All of these authorisations are being sought for a period of 14 months.

Employee share issue

Under Article L. 225-129-6 of the French Commercial Code, we are required to submit to shareholders a proposal to authorise the Board to carry out issues of shares and/or share equivalents, without pre-emptive subscription rights for existing shareholders, for subscription by members of an employee stock ownership plan (*Plan d'Epargne d'Entreprise*). The aggregate par value of the shares that could be issued under this authorisation would be capped at 1% of the Company's capital as at the close of the 2012 Annual General Meeting. The par value of any such shares issued would not be included in the ceilings specified in the other financial authorisations granted by shareholders. In application of Article L. 332.1 et seq. of the French Labour Code, the shares issued pursuant to this authorisation would be offered for subscription at a maximum discount of 20%, unless the shares are offered to members of an employee stock ownership plan under which the lock-up period is at least ten years, in which case the maximum discount would be 30%.

This authorisation is being sought for a period of 14 months.

8.2. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH THIRD PARTIES

SHAREHOLDERS' MEETING HELD TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

To the Shareholders,

In accordance with our appointment as statutory auditors by your Company, we hereby report on regulated agreements and commitments with third parties.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information provided for in Article R. 225-31 of the French Commercial Code in respect of the performance of the agreements and commitments, already approved by the Shareholders' Meeting and having continuing effect during the year, if any.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These guidelines require that we agree the information provided to us with the relevant source documents.

Agreements and commitments submitted to the approval of the shareholders' meeting

Pursuant to Article L.225-40 of the French Commercial Code, we have been advised of the following agreement that was previously authorized by your Board of Directors and submitted to the approval of the Combined Shareholders' Meeting of 10 May 2012.

With Mr. Thierry de La Tour d'Artaise

Nature and purpose: Renewal of the agreement between the Company and its Chairman and Chief Executive Officer with respect to the performance criteria governing the payment of termination benefits.

Terms and conditions: The Board of Directors proposes to renew the agreement between the Company and its Chairman and Chief Executive Officer with respect to the performance criteria governing the payment of termination benefits pursuant to his employment contract, as described below in the agreements and commitments already approved by your Shareholders' Meeting held on 13 May 2009.

This agreement was concluded on March 9, 2012, following the Board of Directors' authorization on February 17, 2012, subject to the condition precedent of the renewal of the term of office as Director of Mr. Thierry de La Tour d'Artaise, for a period of four years, which is to say until the conclusion of the Shareholders' Meeting held to approve the financial statements for fiscal year 2015 and subject to the condition precedent of the Board of Directors' renewal of the term of office as Chairman and Chief Executive Officer of Mr. Thierry de La Tour d'Artaise at a meeting to follow the Shareholders' Meeting.

Agreements and commitments already approved by the shareholders' meeting

Pursuant to Article R.225-30 of the French Commercial Code, we have been advised that the following agreements and commitments already approved in previous years by the Shareholders' Meeting have had continuing effect during the year.

With Mr. Thierry de La Tour d'Artaise

1. ***Nature and purpose:*** Termination benefits and maintenance of stock options stipulated in the employment contract of Mr. Thierry de La Tour d'Artaise, Chairman of SEB SA.

   Terms and conditions:

   - In the event such employment contract is terminated at the employer's initiative, except on grounds of serious misconduct or gross negligence, or at Mr. Thierry de La Tour d'Artaise's initiative as a result of a change in the control of Groupe SEB, his overall termination benefits shall be equivalent to two years' compensation, payable subject to the performance criteria described in the agreement below.
   - In the event Mr. Thierry de La Tour d'Artaise's employment contract is terminated, except for serious misconduct or gross negligence, he will be entitled to all the share purchase or subscription options granted to him under the same exercise terms and conditions that would have applied had he remained in office. This provision shall also apply in the event Mr. Thierry de La Tour d'Artaise's employment contract is terminated pursuant to his resignation from the Group, were such resignation to arise from a change in the control of the Group. However, he shall forfeit the options that would have been granted to him over the 18 months prior to the termination of his term of office as corporate officer should he resign at his own initiative.

2. ***Nature and purpose:*** Determination of the performance criteria governing the payment of termination benefits to the Chairman, as stipulated in his employment contract.

   Terms and conditions: The Chairman's termination benefits, equivalent to two years' earned compensation plus bonuses, are adjusted for the percentage of objectives achieved over the 4 previous year-ends:

   - if the average percentage achieved is below 50%, no termination benefits shall be paid;
   - if the average percentage achieved is between 50% and 100%, termination benefits shall range from 75% to 100% of the base used for calculation, determined on a straight-line basis;
   - if the average percentage achieved is higher than 100%, termination benefits shall equal 100% of the base used for calculation.

   The Board of Directors retains the right to reduce such termination benefits, by a maximum of one-half, if the previous year-end presents a net loss, without such benefits falling below the fixed compensation plus bonuses of the previous year-end, should application of the performance criteria based on the achievement of objectives entitle the payment of termination benefits.

3. ***Nature and purpose:*** Individual life insurance plan for Mr. Thierry de La Tour d'Artaise, Chairman of SEB SA.

   Terms and conditions: In addition to senior management's Group death, disability and related benefit insurance plan, Mr. Thierry de La Tour d'Artaise is the beneficiary of an individual life insurance policy with a capital totaling €3,538,006. The expense recorded over the year ended 31 December 2011 totals €43,871.

4. ***Nature and purpose:*** Supplementary and top-up retirement plan.

   Terms and conditions: As all other members of the Executive and Management Committees, Mr. Thierry de La Tour d'Artaise is entitled to a supplementary and top-up retirement plan guaranteeing annuities equivalent to a 41% compensation replacement rate, including the benefits of statutory retirement plans. The reference salary, which is used as the basis for calculating the retirement benefits, is limited to 36 times the French Social Security ceiling prevailing at the date of calculation. Payment is subject to the following conditions:

   - The executive officer must be at least 60 years of age, having definitively stopped working and having settled the basic retirement entitlements of the supplementary and mandatory AGIRC and ARCCO plans.
   - The executive officer shall only receive the guaranteed rate upon leaving the Group to claim his retirement benefits. However, he shall be entitled to benefits in the event his employment contract is terminated after he is 55, if he subsequently ceases to exercise a professional activity.
   - The executive officer must have sat on the Executive or the Management Committee for 8 years. The maximum duration of the vesting period is 20 years.

   The supplementary and top-up plan actuarial expenses relating to Mr. Thierry de La Tour d'Artaise and recorded in the financial statements of SEB SA for the year ended December 31, 2011 total €635,465 plus a €461,067 amortization charge.

Lyon and Villeurbanne, 16 March 2012

The Statutory auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Bernard RASCLE	Dominique VALETTE

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

8.3. PROPOSED RESOLUTIONS

Proposed resolutions submitted to the Annual General Meeting of 10 May 2012

Ordinary resolutions

APPROVAL OF THE 2011 COMPANY FINANCIAL STATEMENTS

PURPOSE

In the first resolution, shareholders are invited to approve the 2011 company financial statements, which show net profit of €77,778,758.76.

FIRST RESOLUTION: APPROVAL OF THE COMPANY FINANCIAL STATEMENTS

The Annual General Meeting, having considered the reports of the Board of Directors, the Chairman and the Auditors on the Company's operations and results for the year ended 31 December 2011, approves the annual financial statements as presented, which show net profit of €77,778,758.76.

APPROPRIATION OF PROFIT

PURPOSE

The second resolution concerns the appropriation of profit for the year and the distribution of a dividend in respect of 2011.

SECOND RESOLUTION: APPROPRIATION OF PROFIT

The Annual General Meeting resolves to appropriate net profit for the year as follows:

	(in €)
Net profit	77,778,758.76
Retained earnings brought forward from prior year	590,311,680.43
Dividends on treasury shares credited to retained earnings	4,133,467.92
Profit available for distribution	672,223,907.11
Ordinary dividend	62,439,782.50
Supplementary dividend	3,455,964.88
Retained earnings	606,328,159.73

The dividend per share amounts to €1.25.

The ex-dividend date will be 15 May 2012 and the dividend will be paid as from 18 May 2012.

As provided for in Article 48 of the bylaws, a supplementary dividend of €0.125 per share, corresponding to 10% of the ordinary dividend, will be paid on shares registered in the name of the same holder throughout the period between 31 December 2009 and the ex-dividend date (15 May 2012).

However, no single shareholder will be entitled to the supplementary dividend on any shares in excess of 0.5% of the Company's capital.

Dividends for the last three years were as follows:

	2010		2009		2008	
(in €)	**Ordinary dividend**	**Supplementary dividend**	**Ordinary dividend**	**Supplementary dividend**	**Ordinary dividend**	**Supplementary dividend**
Dividend paid	1.17	0.117	1.04	0.104	0.94	0.094

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

PURPOSE

In the third resolution, shareholders are invited to approve the 2011 consolidated financial statements, which show net profit of €234,572,000.

THIRD RESOLUTION: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Annual General Meeting, having considered the reports of the Board of Directors and the Auditors, approves the consolidated financial statements for the year ended 31 December 2011, which show net profit of €234,572,000.

RE-ELECTION OF FOUR DIRECTORS

PURPOSE

The fourth, fifth, sixth and seventh resolutions concern the re-election of Thierry de La Tour d'Artaise, Philippe Lenain, Jérôme Wittlin and VENELLE INVESTISSEMENT as Directors for four years.

FOURTH RESOLUTION: RE-ELECTION OF THIERRY DE LA TOUR D'ARTAISE AS DIRECTOR FOR FOUR YEARS

The Annual General Meeting re-elects Thierry de La Tour d'Artaise as Director for a period of four years expiring at the close of the Annual General Meeting to be called to approve the 2015 financial statements.

FIFTH RESOLUTION: RE-ELECTION OF PHILIPPE LENAIN AS DIRECTOR FOR FOUR YEARS

The Annual General Meeting re-elects Philippe Lenain as Director for a period of four years expiring at the close of the Annual General Meeting to be called to approve the 2015 financial statements.

SIXTH RESOLUTION: RE-ELECTION OF JÉRÔME WITTLIN AS DIRECTOR FOR FOUR YEARS

The Annual General Meeting re-elects Jérôme Wittlin as Director for a period of four years expiring at the close of the Annual General Meeting to be called to approve the 2015 financial statements.

SEVENTH RESOLUTION: RE-ELECTION OF VENELLE INVESTISSEMENT AS DIRECTOR FOR FOUR YEARS

The Annual General Meeting re-elects VENELLE INVESTISSEMENT, represented by Olivier Roclore, as Director for a period of four years expiring at the close of the Annual General Meeting to be called to approve the 2015 financial statements.

RELATED PARTY AGREEMENTS

PURPOSE

The French "TEPA" (Labour, Employment and Purchasing Power) Act requires the Board of Directors to submit to shareholder approval the agreement setting the performance conditions based on which termination benefits would be payable to Thierry de La Tour d'Artaise as Chairman and Chief Executive Officer, following the renewal of his appointment. Therefore, in the eighth resolution, shareholders are simply invited to renew the arrangement in favour of Thierry de La Tour d'Artaise approved by the Annual General Meeting of 13 May 2009.

EIGHTH RESOLUTION: RELATED PARTY AGREEMENTS

The Annual General Meeting, having considered the report of the Board of Directors and the Auditors' special report on related party agreements, approves the renewal of the agreement between the Company and Thierry de La Tour d'Artaise concerning the performance conditions based on which termination benefits would be payable to him under his employment contract. This resolution is adopted subject to shareholder approval of the fourth resolution and to the renewal of Thierry de La Tour d'Artaise's appointment as Chairman and Chief Executive Officer by the Board of Directors at its meeting immediately following this Annual General Meeting.

AUTHORISATION TO TRADE IN THE COMPANY'S SHARES

PURPOSE

The ninth resolution would authorise the Company to buy back shares representing up to 10% of the capital. The shares could be bought back for a variety of purposes, as listed in the resolution.

In 2011, under the existing share buyback programme, 671,591 shares were bought back by the Company at an average price of €65.49 per share, 275,642 shares were sold for an average price of €35.84 per share upon exercise of stock options, and 49,571 shares were allocated in exchange for vested rights under the 2009 performance share plan.

In addition, a total of 319,929 shares were purchased at an average price of €63.24 and 315,208 shares sold at an average price of €63.23 under the liquidity contract.

At 31 December 2011, the Company held 2,331,797 of its own shares in treasury, representing 4.67% of the capital, of which 2,323,115 under the buyback programme and 8,682 under the liquidity contract.

In accordance with the law, these shares have been stripped of their voting rights.

NINTH RESOLUTION: AUTHORISATION TO TRADE IN THE COMPANY'S SHARES

The Annual General Meeting, having considered the Board of Directors' report, resolves:

- to terminate the share buyback programme authorised at the Annual General Meeting of 17 May 2011;
- to adopt the programme described below and accordingly:
  - to authorise the Board of Directors, or any representative of the Board empowered to act on the Board's behalf, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, to buy back shares of the Company representing up to 10% of the share capital, subject to the limits set down by law;
- that the shares may be bought back for the following purposes:
  - to maintain a liquid market for the Company's shares through an independent investment service provider under a liquidity contract that complies with the AFEI Code of Ethics recognised by the *Autorité des Marchés Financiers*,
  - to purchase shares for allocation to eligible employees and officers of the Company upon exercise of stock options governed by Articles L. 225-179 et seq. of the Commercial Code, or in the form of stock grants governed by Articles L. 225-197-1 et seq. of the Commercial Code, or in payment of statutory employee profit-shares or in connection with an employee stock ownership or stock saving plan,
  - to purchase shares for cancellation, in order to increase return on equity and earnings per share and/or to offset the dilutive impact of any capital increases on existing shareholders' interests, provided that such cancellation is authorised by the Extraordinary Shareholders' Meeting,
  - to purchase shares, representing up to 5% of the capital, for delivery or exchange in connection with any future external growth transactions,
  - to purchase shares for allocation on exercise of rights attached to securities that are convertible, exchangeable, redeemable or otherwise exercisable for Company shares, in accordance with the applicable securities regulations;
- that shares may not be bought back under this authorisation at a price of more than €130 per share, excluding trading fees;
- that the Board of Directors may adjust the above price, in the case of any change in the shares' par value, any bonus share issue paid up by capitalising reserves, any stock-split or reverse stock-split, any return of capital or capital reduction, any distribution of reserves or assets, or any other corporate action, to take into account the effect thereof on the share price. In this case, the price will be adjusted based on the ratio between the number of shares outstanding before and after the corporate action;
- that the total amount invested in the share buyback programme may not exceed €649,373,660;
- that the shares may be bought back by any appropriate method and accordingly that all or part of the programme may be implemented on the market or through block purchases – and, if appropriate, through over-the-counter sales – or by means of public buyback or exchange offers, or through the use of options and derivative instruments, other than written puts. The buybacks may be carried out at any time at the Board's discretion, including while a public tender offer is in progress, subject to compliance with the applicable securities regulations. The shares purchased under this authorisation may be kept, sold or transferred by any method, including through block sales, at any time including while a public tender offer is in progress;
- to give full powers to the Board of Directors, including the power of delegation, to:
  - carry out the transactions and set the related terms and conditions,
  - place any and all buy and sell orders, on or off-market,
  - adjust the maximum purchase price of the shares to take into account the effect on the share price of any of the corporate actions referred to above,
  - enter into any and all agreements for the keeping of a register of share purchases and sales or for any other purpose,
  - fulfil any and all reporting obligations with the *Autorité des Marchés Financiers* and any other organisations,
  - carry out any and all formalities;
- that this authorisation is given for a period expiring at the Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2012 or fourteen (14) months, whichever is shorter.

Extraordinary resolutions

AUTHORISATION TO CANCEL SHARES

PURPOSE

The tenth resolution would authorise the Board of Directors to cancel shares held in treasury in an amount not exceeding 10% of the capital within any 24-month period.

TENTH RESOLUTION: AUTHORISATION TO CANCEL SHARES

The Extraordinary General Meeting, having considered the report of the Board of Directors and the Auditors' special report:

- authorises the Board of Directors to cancel, through one or several transactions at its discretion, all or some of the shares currently held or that may be held in the future by the Company following share buybacks carried out pursuant to Article L. 225-209 of the French Commercial Code, provided that the number of shares cancelled in any 24-month period may not exceed 10% of the total shares outstanding. The difference between the purchase price of the cancelled shares and their par value will be deducted from additional paid-in capital and retained earnings, with an amount corresponding to 10% of the capital reduction being deducted from the legal reserve;
- authorises the Board of Directors to place on record the capital reduction(s), amend the bylaws to reflect the new capital and carry out any and all necessary formalities;
- authorises the Board of Directors to delegate all necessary powers to permit the implementation of its decisions, subject to compliance with the laws and regulations in force when this authorisation is used;
- resolves that this authorisation may be used within a period of fourteen (14) months from the date of this meeting;
- resolves that this authorisation cancels and replaces the authorisation to the same effect given at the General Meeting of 17 May 2011.

AUTHORISATION TO GRANT STOCK OPTIONS

PURPOSE

The eleventh resolution aims to give the Board the authority to grant stock options to employees and Executive Directors under the following conditions:

- *the total number of options granted may not exceed 415,000 shares, or 0.83% of the Company's capital;*
- *the number of options granted to the Executive Director may not exceed 54,000 or 0.108% of the share capital;*
- *all of the options granted to the Executive Director and Executive Committee Members shall be subject to performance criteria, assessed partly on an annual basis and partly over the four-year vesting period.*

ELEVENTH RESOLUTION: AUTHORISATION TO GRANT STOCK OPTIONS

In accordance with the provisions of Articles L. 225-177 et seq. of the French Commercial Code, the Extraordinary General Meeting, having considered the reports of the Board of Directors and the Auditors, authorises the Board of Directors to grant options to purchase existing shares of the Company to certain employees and Executive Directors of the Company and its subsidiaries. The authorisation is given for a period of fourteen (14) months from the date of this meeting and may be used on one or several occasions during the period. The exercise price of the options may not be less than the average of the prices quoted for SEB shares over the twenty trading days preceding the date of grant of the options.

The life of the options may not exceed ten years with a vesting period of at least four years and the total number of options granted may not be exercisable for a number of shares exceeding 415,000 or 0.83% of the Company's current share capital.

The number of options granted to the Executive Director may not exceed 54,000 or 0.108% of the current share capital and the options allocated to the Executive Committee members shall be subject to performance conditions relating to the achievement of objectives concerning revenue and operating result from activity*, assessed partly on an annual basis and partly over the four-year vesting period.

The meeting gives full powers to the Board of Directors to set the terms and conditions of the stock option plan or plans.

This authorisation cancels and replaces an earlier authorisation to the same effect given at the Extraordinary General Meeting of 12 May 2010.

* *Formerly operating margin.*

AUTHORISATION TO MAKE PERFORMANCE SHARE GRANTS

PURPOSE

The twelfth resolution would authorise the Board to award performance shares to employees and Executive Directors, subject to the following conditions:

- *the total number of shares granted may not exceed 64,937 or 0.13% of the Company's share capital;*
- *the number of the shares granted to the Executive Director may not exceed 4,500 or 0.009% of the capital;*
- *the performance shares will vest only if certain performance targets for revenue and operating result from activity* are met. Provided that these targets have been met, the shares will vest to the grantee after a minimum vesting period of two years, which will be followed by a lock-up period of at least two years;*
- *for grantees not resident in France, the Board would be authorised to set a minimum vesting period of between two and four years and to waive the lock-up period if the vesting period is set at four years.*

TWELFTH RESOLUTION: AUTHORISATION TO MAKE PERFORMANCE SHARE AWARDS

- The Extraordinary General Meeting, having considered the report of the Board of Directors and the Auditors' special report:
  - authorises the Board of Directors, in accordance with Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code, to award performance shares on one or more occasions, to employees of the Company or certain categories of employee and/or to the senior executives referred to in Article L. 225-197-1 II of the Commercial Code, and to employees and senior executives of companies or economic interest groupings related to the Company within the meaning of Article L. 225-197-2 of the Commercial Code,
  - resolves that the total number of shares that may be granted shall not exceed 64,937 or 0.13% of the Company's share capital on the grant date, with the number of shares granted to the Executive Director not exceeding 4,500 or 0.009% of the share capital;
- The Extraordinary General Meeting authorises the Board of Directors to make the stock grants, within the limits set out in the preceding paragraph, using shares bought back by the Company in accordance with Articles L. 225-208 and L. 225-209 of the Commercial Code.
- The Extraordinary General Meeting resolves:

A) in respect of performance shares awarded to grantees resident in France:

- to set a minimum vesting period of two years with effect from the date of grant by the Board of Directors during which the rights shall not be transferable pursuant to Article L. 225-197-3 of the Commercial Code. At the end of the vesting period, the rights shall vest to the grantee, provided that the performance targets for revenue and operating result from activity*, assessed partly on an annual basis and partly over the two-year vesting period, have been met,
- to set a lock-up period of two years with effect from the vesting date, during which the vested shares may not be sold. However, the shares shall be freely transferable in the event of the grantee's death or second or third degree disability within the meaning of Article L. 341-4 of the French Social Security Code;

B) in respect of performance shares awarded to grantees not resident in France:

- to set a minimum vesting period of between two and four years with effect from the date of grant by the Board of Directors, during which the rights shall not be transferable pursuant to Article L. 225-197-3 of the Commercial Code. At the end of the vesting period, the rights shall vest to the grantee provided that the performance targets for revenue and operating result from activity* have been met,
- if the vesting period is set at four years, to waive the lock-up period such that the shares shall be freely transferable with effect from their vesting date in accordance with Article L. 225-197-1 paragraph 7 of the Commercial Code.

However, for performance shares awarded pursuant to both paragraphs A and B above, in the event of the grantee's death, the shares shall vest immediately to the heirs should they so request no later than six months after the date of death. Furthermore, the shares shall vest immediately in the event of the grantee's second or third degree disability within the meaning of Article L. 341-4 of the Social Security Code.

- The Extraordinary General Meeting gives full powers to the Board of Directors, within the limits set out above, to:
  - draw up the list of grantees or decide the category/categories of grantees, provided that no performance shares may be awarded to employees or Executive Directors who individually hold over 3% of the capital and that the performance shares may not have the effect of raising the interest held by any employee or Executive Director to above the 3% ceiling,
  - determine the amounts and timing of the performance share awards,
  - set the criteria and any other conditions of eligibility for performance share awards, including but not limited to years of service and continued employment by the Company throughout the vesting period,
  - set the vesting period and lock-up period, within the limits specified above,

* *Formerly operating margin.*

- record the shares in a registered share account opened in the name of their holder, with a lock-up clause specifying the duration of the lock-up period,
- if any corporate actions governed by Article L. 228-99, first paragraph, of the Commercial Code are carried out during the vesting period, take any and all appropriate measures to protect and adjust the rights of recipients of performance shares, on the basis prescribed in the said Article.

In accordance with Articles L. 225-197-4 and L. 225-197-5 of the Commercial Code, the Board of Directors shall report to each Annual General Meeting on the transactions carried out under this authorisation.

This authorisation is given for a period of fourteen (14) months.

AUTHORISATION TO ISSUE SHARES AND SHARE EQUIVALENTS WITH OR WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS

PURPOSE

Shareholders are invited to authorise the Board of Directors to increase the share capital by up to €5,000,000 (excluding premiums), in order to give Groupe SEB the financial resources to pursue its growth.

Under the thirteenth resolution, shares and share equivalents may be issued with pre-emptive subscription rights.

Under the fourteenth resolution, shares and share equivalents may be issued without pre-emptive subscription rights to rapidly meet any financing needs that may arise, particularly in international markets.

THIRTEENTH RESOLUTION: AUTHORISATION TO ISSUE SHARES AND SHARE EQUIVALENTS WITH PRE-EMPTIVE SUBSCRIPTION RIGHTS

The Extraordinary General Meeting, having considered the report of the Board of Directors and the Auditors' special report, resolves, in accordance with Articles L. 225-129-2 and L. 228-91 of the Commercial Code:

- to give the Board of Directors the necessary powers to decide by a qualified majority of 12 of the 15 members present or represented by proxy, to issue shares and securities convertible, exchangeable, redeemable or otherwise exercisable for shares, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- that the aggregate par value of the shares to be issued directly and/or on conversion, exchange, redemption or exercise of share equivalents pursuant to this authorisation may not exceed €5,000,000, not including the par value of any additional shares to be issued to protect the rights of holders of existing share equivalents pursuant to the law;
- that the aggregate nominal value of debt securities issued pursuant to this authorisation shall not exceed €150,000,000 or the equivalent of this amount in the case of issues denominated in foreign currencies;
- that shareholders will have a pre-emptive right to subscribe the shares and/or share equivalents issued under this authorisation, pro rata to their existing interest in the Company's capital. In addition, the Board of Directors may grant shareholders a pre-emptive right to subscribe any shares and/or share equivalents not taken up by other shareholders. If the issue is oversubscribed, such additional preemptive right shall also be exercisable pro rata to the existing interest in the Company's capital of the shareholders concerned.

  If the issue is not taken up in full by shareholders exercising their preemptive rights as described above, the Board of Directors may take one or other of the following courses of action, in the order of its choice:
  - limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up,
  - freely allocate the remaining shares or share equivalents,
  - offer all or some of the remaining shares or share equivalents for subscription by the public;
- that warrants to subscribe the Company's shares may be offered for subscription on the above basis or allocated among holders of existing shares without consideration;
- that this authorisation will automatically entail the waiver of shareholders' pre-emptive right to subscribe (i) shares and share equivalents issued under the authorisation in favour of members of the employee stock ownership plan, and (ii) the shares to be issued on conversion, exchange, redemption or exercise of said share equivalents;
- that the amount to be received by the Company for each share issued directly or indirectly under this authorisation shall not represent less than the shares' par value. In the case of shares issued on exercise of stand-alone warrants or other primary securities, the amount received by the Company shall be determined after taking into account the issue price of said warrants or other primary securities;

- that the Board of Directors shall have full powers to use this authorisation and to delegate such powers to the Chairman, subject to compliance with the law. In particular, the Board of Directors or the Chairman shall have full powers to set the date and terms of the issues, as well as the form and characteristics of the securities to be issued, the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price and, if appropriate, the conditions under which the securities may be bought back on the open market or the conversion, exchange, redemption or exercise rights attached to the share equivalents may be suspended, provided that said rights are not suspended for more than three months, and the method by which the rights of holders of share equivalents will be protected pursuant to the applicable laws and regulations. The Board of Directors or the Chairman shall also have full powers to write off any and all amounts against the issue premium, including the issuance costs, and to take all necessary or appropriate measures and enter into any and all agreements in connection with the placement of the issues, to place on record the resulting capital increase(s) and to amend the bylaws to reflect the new capital.

  In the case of any issue of debt securities, the Board of Directors shall have full powers, including the right to delegate such powers to the Chairman, to decide whether to issue subordinated or unsubordinated debt, to set the interest rate, the life of the securities, the redemption price – which may be fixed or variable and may or may not include a call premium – the terms of early redemption depending on market conditions and the basis on which the debt securities are convertible, exchangeable, redeemable or otherwise exercisable for shares of the Company.
- That this authorisation cancels and replaces all earlier authorisations to issue shares and share equivalents with pre-emptive subscription rights.

This authorisation is given for a period of fourteen (14) months.

FOURTEENTH RESOLUTION: AUTHORISATION TO ISSUE SHARES AND SHARE EQUIVALENTS WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS

The Extraordinary General Meeting, having considered the report of the Board of Directors and the Auditors' special report, resolves, in accordance with Articles L. 225-129-2, L. 225-136 and L. 225-91 of the French Commercial Code:

- to give the Board of Directors the necessary powers to decide by a qualified majority of 12 of the 15 members present or represented by proxy, to issue shares and securities convertible, exchangeable, redeemable or otherwise exercisable for shares, denominated in euros or in foreign currencies, in France or on the international market, and to determine the timing and amounts of said issues;
- that the aggregate par value of the shares to be issued on conversion, exchange, redemption or exercise of share equivalents pursuant to this authorisation may not exceed €5,000,000, not including the par value of any additional shares to be issued to protect the rights of holders of existing share equivalents pursuant to the law;
- that the aggregate nominal value of debt securities issued pursuant to this authorisation shall not exceed €150,000,000 or the equivalent of this amount in the case of issues denominated in foreign currencies;
- that existing shareholders shall not have a pre-emptive right to subscribe the shares or share equivalents issued under this authorisation, but that the Board of Directors may grant shareholders a priority right to subscribe all or part of each issue, for a period and on terms to be decided by the Board, provided that the right is exercisable during at least three trading days. Said priority right shall not be transferable but the Board of Directors may allow shareholders to subscribe the issue and any securities not taken up by other shareholders pro rata to their existing shareholdings;
- that if any issue of shares or share equivalents is not taken up in full by existing shareholders and the public, the Board of Directors may limit the amount of the issue to the value of the subscriptions received, provided that at least three-quarters of the issue is taken up;
- that this authorisation will automatically entail the waiver of shareholders' pre-emptive right to subscribe the shares to be issued on conversion, exchange, redemption or exercise of share equivalents;
- that the amount to be received by the Company for each share issued indirectly under this authorisation shall not represent less than the minimum amount prescribed by law. In the case of shares issued on exercise of stand-alone warrants or other primary securities, said amount shall be determined after taking into account the issue price of said warrants or other primary securities;
- that the Board of Directors shall have full powers to use this authorisation and to delegate such powers to the Chairman, subject to compliance with the law. In particular, the Board of Directors or the Chairman shall have full powers to set the date and terms of the issues, as well as the form and characteristics of the securities to be issued, the issue price and terms, the amount of each issue, the cum-rights date which may be set retrospectively, the terms of settlement of the subscription price and, if appropriate, the conditions under which the securities may be bought back on the open market or the conversion, exchange, redemption or exercise rights attached to the share equivalents may be suspended, provided that said rights are not suspended for more than three months.

  The Board of Directors or the Chairman shall also have full powers to charge any and all amounts against the issue premium, including the issuance costs, and to take all necessary or appropriate measures and enter into any and all agreements in connection with the placement of the issues, to record the resulting capital increase(s) and to amend the bylaws to reflect the new capital.

  The Board of Directors shall have full powers, including the right to delegate such powers to the Chairman, to decide whether to issue subordinated or unsubordinated debt securities, to set the interest rate, the life of the securities, the redemption price – which may be fixed or variable and may or may not include a call premium – the terms of early redemption depending on market conditions and the basis on which the debt securities are convertible, exchangeable, redeemable or otherwise exercisable for shares of the Company.
- That this authorisation cancels and replaces all earlier authorisations to the same effect.

This authorisation is given for a period of fourteen (14) months.

AUTHORISATION TO ISSUE SHARES TO BE PAID UP BY CAPITALISING RETAINED EARNINGS, PROFIT OR ADDITIONAL PAID-IN CAPITAL

PURPOSE

The fifteenth resolution would authorise the Board of Directors to issue shares to be paid up by capitalising retained earnings, profit or additional paid-in capital, mainly with a view to issuing bonus shares to shareholders.

FIFTEENTH RESOLUTION: AUTHORISATION TO ISSUE SHARES TO BE PAID UP BY CAPITALISING RETAINED EARNINGS, PROFIT OR ADDITIONAL PAID-IN CAPITAL

The Extraordinary General Meeting, voting in accordance with the quorum and majority voting rules applicable to Ordinary Meetings, having considered the report of the Board of Directors, gives the Board the necessary powers to increase the capital on one or several occasions by a maximum aggregate amount of €10,000,000 to be paid up by successively or simultaneously capitalising all or part of the Company's retained earnings, net profit or additional paid-in capital, and to issue bonus shares and/or raise the par value of existing shares.

The meeting resolves that the Board of Directors shall have discretionary powers to decide that fractional shares will be non-transferable and that the corresponding shares will be sold, with proceeds of such sale attributed to holders of rights to fractional shares no later than 30 days following the date on which the whole number of shares allocated to them are recorded in their securities account.

The meeting gives full powers to the Board of Directors, including the right to delegate such powers to the Chairman subject to compliance with the law, to determine the timing and terms of the capital increases, as well as the amounts thereof, to take the necessary action to protect the rights of existing shareholders of share equivalents, to deduct from the issue proceeds the amounts necessary to increase the legal reserve to 10% of the new capital, to take all appropriate measures to permit the execution of the operation, to carry out all actions and formalities required to effect the capital increase(s) and to amend the bylaws to reflect the new capital.

This authorisation is given for a period of fourteen (14) months.

BLANKET CEILING ON FINANCIAL AUTHORISATIONS

PURPOSE

The sixteenth resolution sets at €10,000,000 the maximum aggregate par value of shares to be issued pursuant to the thirteenth and fourteenth resolutions above.

SIXTEENTH RESOLUTION: BLANKET CEILING ON FINANCIAL AUTHORISATIONS

The Extraordinary General Meeting, having considered the report of the Board of Directors, resolves, pursuant to the adoption of the above resolutions, to set at €10,000,000 the maximum aggregate par value of shares to be issued directly or on conversion, exchange, redemption or exercise of share equivalents pursuant to the thirteenth and fourteenth authorisations above. Said ceiling will not include the par value of any additional shares to be issued to protect the rights of existing holders of share equivalents as required by law.

Consequently, the value of each issue carried out under either of the abovementioned authorisations will be deducted from this ceiling.

EMPLOYEE SHARE ISSUE

PURPOSE

The seventeenth resolution authorises the Board to issue shares and share equivalents for subscription by members of an employee stock ownership plan, up to a maximum aggregate par value of €499,518, or 1% of the capital.

SEVENTEENTH RESOLUTION: EMPLOYEE SHARE ISSUE

The Extraordinary General Meeting, having considered the report of the Board of Directors and the Auditors' special report, resolves, in accordance with Articles L. 225-129 to L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 et seq. of the French Labour Code:

- to authorise the Board of Directors to issue shares and share equivalents, on one or several occasions at its discretion, for subscription by members of an employee stock ownership plan. The aggregate par value of shares issued directly or indirectly, on conversion, exchange, redemption or exercise of share equivalents, pursuant to this authorisation, shall not exceed €499,518. These powers may be delegated to any legally authorised person. Members of the employee stock ownership plan may include eligible Executive Directors, employees and former employees of the Company and French or foreign related companies within the meaning of Article L. 225-180 of the Commercial Code and Article L. 3344-1 of the Labour Code;
- that this authorisation will automatically entail the waiver of shareholders' pre-emptive right to subscribe (i) shares and share equivalents issued under the authorisation in favour of members of the employee stock ownership plan and (ii) the shares to be issued on conversion, exchange, redemption or exercise of said share equivalents;
- that – in accordance with Articles L. 3332-18 et seq. of the Labour Code – the shares may be offered for subscription at a 20% discount to the average of the prices quoted for the Company's shares on NYSE Euronext Paris over the twenty trading days preceding the Board's decision setting the opening date of the subscription period, or a 30% discount if the shares are offered to members of an employee stock ownership plan under which the lock-up period is at least ten years. The Board of Directors may replace all or part of the discount with a grant of shares or share equivalents, or reduce the discount or offer the shares at their market price, subject to compliance with the applicable legal and regulatory limits;
- that the Board of Directors may make matching payments to the employee stock ownership plan, in the form of new or existing shares or share equivalents, paid up where appropriate by capitalising retained earnings, profit or additional paid-in capital, within the limits prescribed by Article L. 3332-21 of the Labour Code;
- to give this authorisation for a period of fourteen (14) months;
- to grant full powers to the Board of Directors, including the power of delegation, to set all the terms and conditions of the issues. In particular, the Board shall be authorised to:
  - decide to offer shares and share equivalents to employees of selected entities among the companies whose employees are eligible to invest in the employee stock ownership plan,
  - set the terms and conditions of the issues to be carried out pursuant to this authorisation, decide the amount of each issue, the issue price and date, the subscription period and other terms and conditions, the terms and conditions of settlement and delivery, and the cum-rights dates of the shares or share equivalents,
  - at its discretion, after each share issue, charge the issuance costs against the related premium and deduct from the premium the amount necessary to increase the legal reserve to one-tenth of the new capital,
  - carry out any and all formalities in order to place on record the capital increase(s) effected pursuant to this authorisation, amend the bylaws to reflect the new capital and generally take all necessary or useful measures.

POWERS TO CARRY OUT FORMALITIES

PURPOSE

The eighteenth resolution is a standard resolution conveying full powers to carry out any and all formalities required by law subsequent to the decisions voted by the General Meeting.

EIGHTEENTH RESOLUTION: POWERS TO CARRY OUT FORMALITIES

The General Meeting gives full powers to the bearer of an original, extract or copy of the minutes of this meeting to carry out any and all formalities required by law.

9 Additional information

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9.1. CONSULTATION OF LEGAL DOCUMENTS

The Company bylaws, reports on the General Meeting and other company documents may be consulted at the Company's registered offices: Chemin du Petit-Bois, 69130 Écully, France.

Company regulatory documents may be consulted on the Groupe SEB website: www.groupeseb.com.

9.2. DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT CONTAINING THE ANNUAL FINANCIAL REPORT

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of my knowledge, consistent with the facts and contains no omission likely to affect its import.

I hereby declare that, to my knowledge, the financial statements have been drawn up in accordance with relevant accounting standards and provide a true and fair view of the assets, financial situation and performance of the Company and of all companies included under the consolidated financial statements. I furthermore declare that the management report referenced in the cross-reference table under section 9.5 provides a true and fair picture of changes in the business, performance and financial situation of the Company and all companies included under the consolidated financial statements, as well as a description of the main risks and uncertainties they face.

I obtained a statement from the Statutory auditors at the end of their engagement affirming that they have read the entire Registration Document and verified the information regarding the financial situation and the financial statements contained therein.

It should be noted that the consolidated financial statements contained in the Registration Document filed on 7 April 2010 were addressed in a Statutory auditors' report containing an observation, page 125.

2 April 2012

Chairman and CEO

Thierry de La Tour d'Artaise

9.3. STATUTORY AUDITORS AND AUDIT FEES

Statutory auditors

- PricewaterhouseCoopers Audit, 63 rue de Villiers
  92200 Neuilly-sur-Seine
  appointed at the Ordinary General Meeting of 13 May 2009
  represented by Bernard Rascle
  Term: Ordinary General Meeting of 2015
- Deloitte & Associés, 185 avenue Charles-de-Gaulle
  92200 Neuilly-sur-Seine
  appointed at the Ordinary General Meeting of 13 May 2009
  represented by Dominique Valette
  Term: Ordinary General Meeting of 2015

Each of these Statutory auditors is a member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.

Substitute Statutory auditors

- For PricewaterhouseCoopers Audit:
  Pierre Coll – 63 rue de Villiers – 92200 Neuilly-sur-Seine
  appointed at the Ordinary General Meeting of 13 May 2009
  Term: Ordinary General Meeting of 2015
- For Deloitte & Associés:
  BEAS – 7/9 Villa Houssaye – 92200 Neuilly-sur-Seine
  appointed at the Ordinary General Meeting of 13 May 2009
  Term: Ordinary General Meeting of 2015

Fees paid to Statutory auditors

The breakdown of fees paid to Statutory auditors and members of their networks is as follows:

	PricewaterhouseCoopers Audit				Deloitte & Associés			
Audit	**Amount (excl. VAT)**		**As a %**		**Amount (excl. VAT)**		**As a %**	
(in € thousands)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Audit								
Audit and certification of parent company and consolidated accounts								
SEB S.A., issuer coordination and consolidation	173	156			128	108		
Fully integrated subsidiaries	1,237	1,082			1,601	1,545		
Other procedures and services directly relating to audit assignment	14	23			36	21		
SEB S.A., issuer coordination and consolidation	8				8			
Fully integrated subsidiaries	6	23			28			
SUB-TOTAL	**1,424**	**1,261**	**99%**	**92%**	**1,765**	**1,674**	**96%**	**98%**
OTHER SERVICES PERFORMED BY THE NETWORKS FOR FULLY INTEGRATED SUBSIDIARIES								
Legal, fiscal, corporate	15	112			68	37		
Information systems								
Other	4	0				0		
SUB-TOTAL	**19**	**112**	**1%**	**8%**	**68**	**37**	**4%**	**2%**
TOTAL	**1,443**	**1,373**	**100%**	**100%**	**1,833**	**1,711**	**100%**	**100%**

9.4. ANNUAL INFORMATION REPORT

LIST OF INFORMATION PUBLISHED OR MADE PUBLIC DURING THE LAST 12 MONTHS PURSUANT TO ARTICLE L. 451-1-1 OF THE FRENCH MONETARY AND FINANCIAL CODE AND ARTICLE L. 221-1-1 OF THE GENERAL REGULATIONS OF THE FRENCH FINANCIAL MARKETS AUTHORITY (*AUTORITÉ DES MARCHÉS FINANCIERS* OR AMF)

Date	Type of information	Published via
11/03/2011	Compensation awarded to Chairman	Business Wire + groupeseb.com
14/03/2011	Convening notice for AGM of 17/05/2011	BALO (Bulletin of Mandatory Legal Announcements)
04/04/2001	Monthly disclosure of total number of shares and voting rights	Business Wire + groupeseb.com
04/04/2011	Annual report on the liquidity agreement between SEB S.A. and Bourse Gilbert Dupont SNC	Business Wire + groupeseb.com
26/04/2011	First quarter 2011 sales	Business Wire + groupeseb.com
11/05/2011	Clarifications issued by Groupe SEB on the compensation awarded to its Chairman	Business Wire + groupeseb.com
11/05/2011	Monthly disclosure of total number of shares and voting rights	Business Wire + groupeseb.com
16/05/2011	Groupe SEB takes control of Asia Fan and strengthens its position on the Vietnamese market	Business Wire + groupeseb.com
26/05/2011	Inaugural €300-million issue of five-year bonds successfully launched	
30/05/2011	Groupe SEB creates an investment fund, SEB Alliance, and ventures into the realm of digital cooking solutions	Business Wire + groupeseb.com
06/06/2010	Monthly disclosure of total number of shares and voting rights	Business Wire + groupeseb.com
06/06/2011	Bond issue	Business Wire + groupeseb.com
14/06/2011	Description of the share buyback programme proposed to shareholders at the Combined General Shareholders' Meeting of 17 May 2011	Business Wire + groupeseb.com
01/07/2011	Information on the liquidity agreement – half-yearly report on the liquidity agreement between SEB S.A. and Bourse Gilbert Dupont SNC	Business Wire + groupeseb.com
04/07/2011	Monthly disclosure of total number of shares and voting rights	Business Wire + groupeseb.com
07/07/2011	New phase in the process to increase Groupe SEB's ownership of Supor	Business Wire + groupeseb.com
25/07/2011	Half-yearly financial report at 30 June 2011	Business Wire + groupeseb.com
26/07/2011	Half-year results 2011	BALO (Bulletin of Mandatory Legal Announcements)
29/08/2011	Monthly disclosure of total number of shares and voting rights	Business Wire + groupeseb.com
07/10/2011	Monthly disclosure of total number of shares and voting rights	Business Wire + groupeseb.com
18/10/2011	Groupe SEB authorised to increase stake in China's Supor	Business Wire + groupeseb.com
24/10/2011	2011 nine-month sales	Business Wire + groupeseb.com
24/10/2010	Management report at 30 September 2011	Business Wire + groupeseb.com
04/11/2011	Monthly disclosure of total number of shares and voting rights	Business Wire + groupeseb.com
02/12/2011	Monthly disclosure of total number of shares and voting rights	Business Wire + groupeseb.com
19/12/2011	Continued expansion in emerging economies: new acquisition in Indian and increase equity interest in China	Business Wire + groupeseb.com
01/03/2012	Annual report on the liquidity agreement between SEB S.A. and Bourse Gilbert Dupont SNC	Business Wire + groupeseb.com
06/01/2012	Monthly disclosure of total number of shares and voting rights	Business Wire + groupeseb.com
17/01/2012	2011 provisional sales	Business Wire + groupeseb.com
08/02/2012	Monthly disclosure of total number of shares and voting rights	Business Wire + groupeseb.com
21/02/2012	2011 results	Business Wire + groupeseb.com
06/03/2012	Monthly disclosure of total number of shares and voting rights	Business Wire + groupeseb.com

9.5. CROSS-REFERENCE TABLE FOR THE REGISTRATION DOCUMENT AND MANAGEMENT REPORT

	Page numbers	Annual Financial Report	Management report
Commentary on the financial year			
Objective and exhaustive analysis of developments in the Company's and Group's business, performance and financial position	59-73	X	X
Key non-financial performance indicators relevant to the Company's specific business activity	43-58		X
Significant stakes acquired during the financial year in companies headquartered in France	-	-	-
Significant events that occurred between the financial year-end and the date on which the document was drawn up	-	-	-
Foreseeable developments regarding the position of the Company and the Group	72	X	X
Dividends distributed over the three preceding financial years and amount of income distributed for these years eligible for the 40% tax deduction	170		X
Presentation of the Group			
Description of the main risks and uncertainties faced by the Company	12-18	X	X
The Company's use of financial instruments: objectives and policy in relation to financial risk management	121-128	X	X
Company's exposure to price, credit, liquidity or cash flow risks	128	X	X
Social and environmental consequences of business (including "Seveso" facilities)	43-58		X
Research and development activities	9-10	X	X
Corporate governance			
List of all offices and positions held in any company by each of the executive officers during the financial year	20-24		X
Total compensation and benefits of any kind paid to each executive officer during the financial year	32		X
Commitments of any nature made by the Company for the benefit of its executive officers, such as compensation, indemnities or benefits due or susceptible to become due when, or after, they assume, cease or change positions	31		X
Stock options granted, subscribed or purchased during the financial year by the executive officers and the ten highest-earning non-executive employees of the Company, and stock options granted to all eligible employees, by category	33-34		X
Conditions for the exercise and retention of stock options by executive officers	166-167		X
Conditions for the retention of free shares awarded to executive officers	166-167		X
Transactions by senior executives and associated persons involving the Company's shares	35		X
Information on the Company and its share capital			
Rules applicable to the appointment and replacement of members of the Board of Directors or Management Board, as well as to changes in the Company's bylaws	26		X
Powers of the Board of Directors or Management Board, in particular concerning the issue or buyback of shares	165	X	X
Purchases and sales of treasury stock during the financial year	165	X	X
Adjustments for share equivalents in the event of share buybacks or financial transactions	-	-	-

	Page numbers	Annual Financial Report	Management report
Table summarising the outstanding delegations granted by the General Shareholders' Meeting to the Board of Directors or Management Board in relation to issues of share capital	165	X	X
Structure and changes to the Company's share capital	161-164	X	X
Statutory limitations on the exercise of voting rights and transfer of shares or clauses in agreements brought to the attention of the Company	159	X	X
Direct or indirect shareholdings in the Company, of which the Company is aware	163	X	X
Employee shareholding in the Company's share capital on the last day of the financial year and portion of the share capital represented by the shares held by employees under the Company savings scheme and by the employees and former employees under employee mutual investment funds	166-168		X
Holders of any securities conferring special control rights and a description of those rights	-		-
Control mechanisms within any employee shareholding system, where control rights are not exercised by the employees	-		-
Agreements between shareholders of which the Company is aware and which may give rise to restrictions on share transfers and voting rights	160, 162	X	X
Agreements entered into by the Company that are amended or terminated in the event of a change in control, with the exception of those agreements whose disclosure would seriously harm its interests (except in the event of a legal obligation to disclose)	-		-
Agreements providing for indemnities payable to employees or members of the Board of Directors or Management Board if they resign or are dismissed without real or serious cause or if their employment contract is terminated as a result of a public tender offer	31		X
Injunctions or fines as a result of anti-competitive practices	-		-
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The following information is incorporated by reference in this Registration Document:

- the Registration Document for the 2010 financial year was filed with the French Financial Markets Authority (*Autorité des Marchés Financiers* or AMF) on 7 April 2011 under number D. 11-0256. The consolidated financial statements appear on pages 59 to 115 and the corresponding audit report appears on page 116 of this document;
- the Registration Document for the 2009 financial year was filed with the French Financial Markets Authority on 7 April 2010 under number D. 10-0226. The consolidated financial statements appear on pages 62 to 124 and the corresponding audit report appears on pages 125–126 of this document;

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FINANCIAL AGENDA 2012

26 APRIL AFTER 5:40 PM (FT)

2012 first quarter sales and financial data

10 MAY AT 2:30 PM (FT)

Annual General Shareholders' Meeting in Paris (at the Paris Bourse)

18 MAY

Payment of dividend

25 JULY 9:00 PM (FT)

2012 half-year sales & trading results

23 OCTOBER AFTER 5:40 PM (FT)

2012 nine-month sales and financial data

Internet publication dates and times

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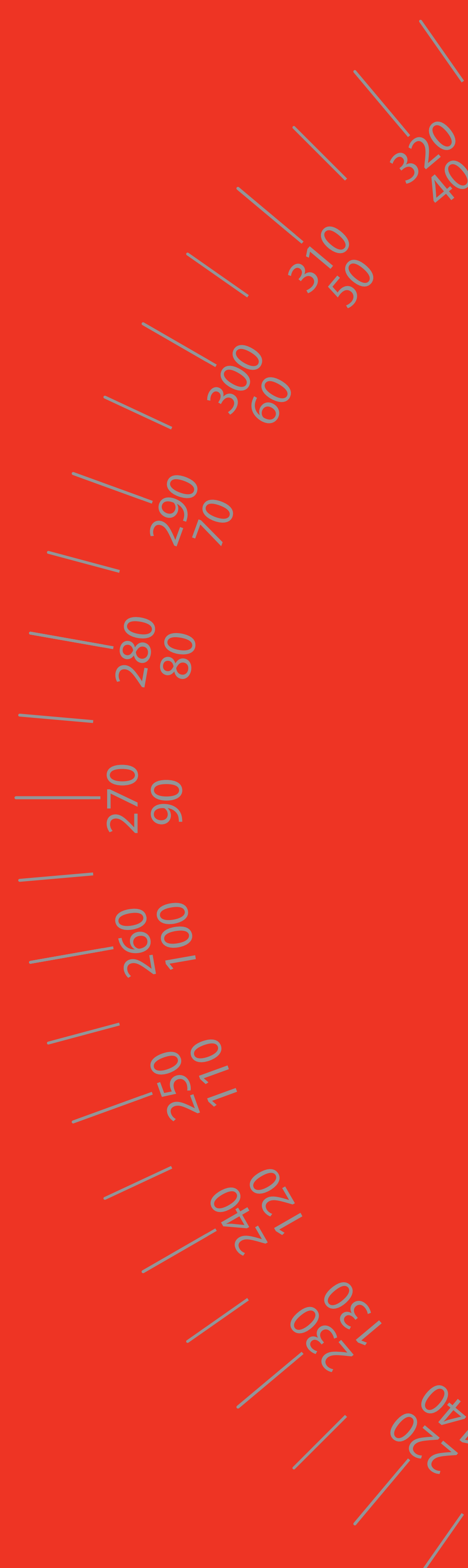

360°

our**vision**

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