CHARGEURS

Interim Financial Report
2009

CONTENT

CHARGEURS

CHARGEURS

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Six months ended June 30, 2009

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Statement of Financial Position *(in € millions)*

Assets	June 30, 2009	Dec. 31, 2008
Non-current assets		
Property, plant and equipment (note 5)	65.9	70.7
Intangible assets (note 6)	69.5	70.1
Investments in associates	18.3	18.0
Deferred tax assets (note 9)	13.9	20.0
Non-current financial assets		
Investments in non-consolidated companies	2.1	2.0
Long-term loans and receivables (note 8)	10	9.3
Derivative instruments		
Other non-current assets	3.5	5.3
	183.2	**195.4**
Current assets		
Inventories and work-in-progress (note 10)	111.5	136.2
Trade receivables (note 11)	74.3	75.9
Factored receivables (*)	*49.6*	*64.7*
Derivative instruments (note 12)	2.9	1.3
Other receivables (note 13)	48.2	59.4
Cash and cash equivalents (note 14)	55.1	57.8
	341.6	**395.3**
Total assets	**524.8**	**590.7**

Equity and liabilities	June 30, 2009	Dec. 31, 2008
Equity (note 15)		
Attributable to owners of the parent		
Share capital (note 15)	166.0	166.0
Share premium account	32.2	32.2
Other reserves and retained earnings (note 15)	(6.8)	49.9
Profit/(loss) for the period	(26.4)	(56.2)
Treasury stock	(1.7)	(1.6)
Translation reserve	(9.5)	(8.1)
	153.8	**182.2**
Minority interests	**6.1**	**6.3**
Total equity	**159.9**	**188.5**
Non-current liabilities		
Long-term borrowings (note 18)	39.0	41.8
Deferred tax liabilities (note 9)	1.4	1.3
Pension and other post-employment benefit obligations (note 17)	10.6	10.3
Provisions (note 17)	12.7	7.2
Other non-current liabilities	0.4	0.4
	64.1	**61.0**
Current liabilities		
Trade payables	89.8	116.5
Other payables (note 19)	57.3	55.1
Factoring liabilities (*)	*49.6*	*64.7*
Current income tax liability	1.2	2.1
Derivative instruments (note 12)	0.5	2.6
Short-term portion of long-term borrowings (note 18)	19.6	20.3
Short-term bank loans and overdrafts (note 18)	82.8	79.9
	300.8	**341.2**
Total equity and liabilities	**524.8**	**590.7**

Notes 1 to 31 are an integral part of the interim consolidated financial statements.

(*) Receivables for which title has been transferred (see note 3.2).

Consolidated Income Statement *(in € millions)*

	First-half 2009	First-half 2008
Revenue	**226.4**	**335.4**
Cost of sales	(189.9)	(269.3)
Gross profit	36.5	66.1
Distribution costs	(26.4)	(35.1)
Administrative expenses	(18.1)	(19.8)
Research and development costs (note 21)	(1.9)	(2.9)
Other operating income and expense (note 22)	(4.8)	(0.9)
Operating profit/(loss)	**(14.7)**	**7.4**
Finance costs and other financial expense	(5.3)	(7.4)
Financial income	2.5	4.4
Finance costs and other financial income and expense, net (note 24)	**(2.8)**	**(3.0)**
Share of profit/(loss) of associates	(1.9)	(1.4)
Pre-tax profit/(loss) for the period	**(19.5)**	**3.0**
Income tax (note 25)	(7.0)	5.8
Profit/(loss) for the period	**(26.5)**	**8.8**
Attributable to:		
Owners of the parent	(26.4)	9.1
Minority interests	(0.1)	(0.3)
Earnings/(loss) per share (in euros)		
- Basic earnings/(loss) per share	(2.6)	0.9
- Diluted earnings/(loss) per share	(2.6)	0.9
Weighted average number of shares outstanding	10,227,381	10,314,740

Notes 1 to 31 are an integral part of the interim consolidated financial statements.

Statement of Comprehensive Income

	First-half 2009	First-half 2008
Profit/(loss) for the period	**(26.5)**	**8.8**
Other comprehensive income and expense	(0.5)	-
Exchange differences on translating foreign operations	(1.4)	(6.0)
Available-for-sale financial assets		
- Gains/(losses) arising during the period recognized in equity	-	-
- Reclassification adjustments for gains/(losses) included in profit or loss	-	-
Cash flow hedges		
- Gains/(losses) arising during the period recognized in equity	-	(0.3)
- Reclassification adjustments for gains/(losses) included in profit or loss	-	3.2
Revaluation of assets	-	-
Actuarial gains/(losses)	-	-
Share of other comprehensive income of associates	-	-
Income tax on items recognized directly in equity	-	-
Movements in minority interests	(0.1)	-
Total comprehensive income and expense recognized in equity	**(2.0)**	**(3.1)**
Total comprehensive income and expense for the period	**(28.5)**	**5.7**

Attributable to:

Owners of the parent	(28.3)	5.9
Minority interests	(0.2)	(0.2)

Consolidated Statement of Cash Flows *(in € millions)*	First-half 2009	First-half 2008
Cash flows from operating activities		
Pre-tax profit/(loss) of consolidated companies	(17.5)	4.4
Adjustments (note 27)	8.6	5.2
Income tax refunded	0.8	6.5
Cash (used by)/generated from operations	(8.1)	16.1
Dividends from associates	0.4	1.2
Change in operating working capital	8.9	2.3
Net cash from operating activities	**1.2**	**19.6**
Cash flows from investing activities		
Acquisitions of subsidiaries, net of cash acquired	-	(3.3)
Proceeds from disposals of subsidiaries	-	4.8
Purchases of property, plant and equipment	(1.7)	(4.4)
Proceeds from sales of property, plant and equipment	0.4	4.5
Purchases of intangible assets	(0.4)	(0.5)
Purchases of non-current financial assets	(0.9)	(0.6)
Proceeds from sales of other non-current financial assets	0.1	-
Other movements	(0.5)	1.3
Net cash (used by)/from investing activities	**(3.0)**	**1.8**
Cash flows from financing activities		
Proceeds from issue of share capital		
Purchases of treasury stock	(0.1)	(0.3)
Proceeds from new borrowings and overdrafts	0.1	2.1
Repayments of borrowings and overdrafts	(0.6)	(14.2)
Dividends paid to owners of the parent	-	(6.7)
Net cash used by financing activities	**(0.6)**	**(19.1)**
Net (decrease)/increase in cash and cash equivalents	**(2.4)**	**2.3**
Cash and cash equivalents at beginning of the period	57.8	110.5
Effect of changes in foreign exchange rates	(0.3)	(1.8)
Cash and cash equivalents at period-end	**55.1**	**111.0**

Notes 1 to 31 are an integral part of the interim consolidated financial statements.

Consolidated Statement of Changes in Equity
(in € millions)

	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Treasury stock	Total	Non-controlling interests	Total
At Dec. 31, 2007	166.0	32.2	56.2	(13.9)	(2.3)	(0.8)	237.4	5.4	242.8
Issue of share capital							0.0		0.0
Changes in treasury stock						(0.3)	(0.3)		(0.3)
Dividends paid			(6.7)				(6.7)		(6.7)
Profit for the period			9.1				9.1	(0.3)	8.8
Other comprehensive income and expense for the period				(6.1)	2.9		(3.2)	0.1	(3.1)
At June 30, 2008	166.0	32.2	58.6	(20.0)	0.6	(1.1)	236.3	5.2	241.5
At Dec. 31, 2008	166.0	32.2	(5.9)	(8.1)	(0.4)	(1.6)	182.2	6.3	188.5
Issue of share capital							0.0		0.0
Changes in treasury stock						(0.1)	(0.1)		(0.1)
Dividends paid							0.0		0.0
Loss for the period			(26.4)				(26.4)	(0.1)	(26.5)
Other comprehensive income and expense for the period			(0.5)	(1.4)			(1.9)	(0.1)	(2.0)
At June 30, 2009	166.0	32.2	(32.8)	(9.5)	(0.4)	(1.7)	153.8	6.1	159.9

Notes 1 to 31 are an integral part of the interim consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

1. General information

In first-half 2009, Chargeurs and its subsidiaries (the Chargeurs Group) were organized around three business lines: Chargeurs Protective Films (development and marketing of technical solutions to protect steel, aluminum, plastic and other surfaces during the production process), Chargeurs Interlining (interlining and technical fabrics production and marketing) and Chargeurs Wool (wool processing). Chargeurs is a *societe anonyme* governed by the laws of France. Its headquarters are located at 29-31, rue Washington, 75008 Paris, France.

Chargeurs shares are listed on Euronext.

The interim consolidated financial statements for the six months ended June 30, 2009 were approved by the Board of Directors on August 27, 2009. All amounts are expressed in millions of euros, unless otherwise specified.

The deep recession in the first half of 2009 led to a sharp contraction in the markets served by the Group’s main customers. Chargeurs responded by implementing all the restructuring measures needed to align production capacity, particularly in Europe, with the size of the markets in which it has operated in the first half of 2009.

Together, the sharp drop in revenue and the cost of the restructuring measures led to an operating loss for the period of €14.7 million and a net loss of €26.4 million.

Action was also taken during the period to align the Group’s financial structure with the new market situation. Negotiations were initiated to consolidate the Group’s financing structure by restructuring certain bank facilities. At the same time, preparations were made to raise equity capital, in principle during the second half of the year.
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2. Summary of significant accounting policies

The significant accounting policies applied to prepare the consolidated financial statements are described below. Unless otherwise specified, these policies were applied consistently in all the periods presented.

2.1 Basis of preparation

The 2009 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Assets and liabilities are measured using the historical cost convention except for land and buildings – which were revalued at January 1, 2004 –, available-for-sale financial assets, financial assets and liabilities measured at fair value through profit or loss (including derivative instruments), financial assets and liabilities measured at amortized cost, and assets and liabilities underlying fair value hedges.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

a) New standards, amendments to existing standards and interpretations applicable for financial periods beginning on January 1, 2009 and which are relevant to the Group's operations

<u>Adopted by the European Union:</u>

- IAS 1 (revised) – Presentation of Financial Statements.
- IFRS 8 – Operating Segments.
- IAS 23 – Amendment: Borrowing Costs.
- IFRS 2 – Amendment: Vesting Conditions and Cancellations.
- IAS 32 and IAS 1 – Amendments: Puttable Financial Instruments and Obligations arising on Liquidation.
- Improvements to IFRSs issued in May 2008 (except IFRS 5).
- IFRIC 11 – Group and Treasury Share Transactions.
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

b) New standards, amendments and interpretations that have been issued but are not applicable for the financial period beginning on January 1, 2009 and have not been early adopted by the Group

<u>Adopted by the European Union and relevant to the Group:</u>

- IFRS 3 (revised) – Business Combinations.
- IAS 27 (revised) – Consolidated and Separate Financial Statements.

<u>Adopted by the European Union but considered by management as not relevant to the Group's operations:</u>IFRIC 12 – Service Concession Arrangements.

<u>Not yet adopted by the European Union but relevant to the Group:</u>

- IFRS 5 – May 2008 amendment.
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.
- IFRS 1 and IAS 27 – Amendments: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.
- IAS 39 – Amendment: Eligible Hedged Items.
- IFRIC 17 – Distributions of Non-cash Assets to Owners.

<u>Not yet adopted by the European Union and considered by management as not relevant to the Group's operations:</u>

- IFRIC 15 – Agreements for the Construction of Real Estate.

3. Use of accounting estimates and assumptions

The preparation of financial statements under IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

3.1 Critical accounting estimates and assumptions

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods are analyzed below.

(a) <u>Impairment of goodwill</u>

Goodwill is tested for impairment on an annual basis as described in note 2.6 to the 2008 consolidated financial statements. The recoverable amounts of cash-generating units (CGUs) were determined at December 31, 2008 based on calculations of value in use.

As a result of (i) reorganization measures taken within the Chargeurs Protective Films and Chargeurs Interlining CGUs; and (ii) revisions made to their business plans, the Group was not required to record any goodwill impairment losses for these CGUs at June 30, 2009.

(b) <u>Income tax</u>

Based on updated projections of future taxable profit, tax assets recognized for the losses of companies in the French tax group amounted to €6.4 million at June 30, 2009.

3.2 Critical judgments

The following comment was included in the notes to the 2008 consolidated financial statements:

For several years, the Group has sold receivables under no-recourse agreements. Under French GAAP, the amounts concerned were disclosed in the notes to the consolidated financial statements.

The method of accounting for these sales was changed as a result of the first-time adoption of IFRS in 2005, as explained below.

French GAAP

Receivables sold under no-recourse agreements are derecognized. As there are no specific accounting standards under French GAAP dealing with this type of transaction, the accounting treatment used in the parent company accounts (which are still prepared in accordance with French GAAP) is based on the legal form of the transactions and the assets are derecognized when title is transferred. This approach was also applied in the consolidated financial statements prior to the transition to IFRS, as routine commercial transactions carried out in accordance with normal business or industry practice – such as the sale of receivables under no-recourse agreements – were excluded from the scope of application of the joint recommendation issued on November 15, 2002 by the Commission des operations de Bourse *and the* Commission bancaire *on special purpose entities and asset derecognition (which set down a general principle based on the transfer of the significant risks of ownership of assets).*

IFRS

Under IFRS, transfer of title is not the only criterion to be applied. IAS 39 – Financial Instruments: Recognition and Measurement, which deals with the derecognition of financial assets, including trade receivables, requires entities to base their analysis on the following three criteria:

- *Whether the entity has transferred the contractual rights to receive the cash flows of the financial asset.*
- *Whether the entity has transferred substantially all the risks and rewards of ownership of the financial asset.*
- *Whether the entity has retained control of the financial asset.*

Chargeurs' teams analyzed the contracts for the sale of the receivables based on these three criteria. In view of the fact that this issue was still being discussed by experts and no final official position had been taken, it was deemed prudent to keep these receivables on balance sheet and record a corresponding liability for the amount of the cash proceeds received.

In 2006 and 2007, the accounting authorities issued guidance on the circumstances in which sold receivables may be derecognized. The presentation of these items in the interim consolidated financial statements for the six months ended June 30, 2009 is unchanged from 2005, but may be adjusted in the future based on amendments to contracts or changes in disposal procedures.

4. Acquisitions – Disposals

There were no significant changes in the scope of consolidation during first-half 2009.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

5. Property, plant and equipment

Changes in the carrying amount of property, plant and equipment can be analyzed as follows:

(in € millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
Dec. 31, 2007	**8.4**	**34.3**	**35.3**	**8.1**	**3.3**	**89.4**
Additions			2.2	0.4	2.5	5.1
Disposals	(0.8)	(1.6)	(0.2)		(0.2)	(2.8)
Business acquisitions/divestments		0.6	0.5			1.1
Depreciation		(1.6)	(3.8)	(0.9)		(6.3)
Impairment						0.0
Other		(0.2)	1.2	(0.1)	(0.9)	0.0
Translation adjustment		(0.2)	(0.8)	(0.1)		(1.1)
June 30, 2008	**7.6**	**31.3**	**34.4**	**7.4**	**4.7**	**85.4**

(in € millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
Dec. 31, 2008	**5.6**	**27**	**27.9**	**6.7**	**3.5**	**70.7**
Additions			0.2	0.1	1.3	1.6
Disposals			(0.4)	(0.1)		(0.5)
Change in scope of consolidation						0.0
Depreciation		(1.4)	(3.0)	(0.8)		(5.2)
Impairment						0.0
Other	(0.2)	0.2	(0.4)	0.8	(0.6)	(0.2)
Translation adjustment	0.0	(0.2)	(0.3)			(0.5)
June 30, 2009	**5.4**	**25.6**	**24.0**	**6.7**	**4.2**	**65.9**

6. Goodwill and other intangible assets

a) Goodwill

(in € millions)	Gross	Accumulated impairment losses	Net
Dec. 31, 2007	**70.4**	**(13.9)**	**56.5**
Acquisitions/disposals	3.5		3.5
Translation adjustment	(3.0)		(3.0)
June 30, 2008	**70.9**	**(13.9)**	**57.0**
Dec. 31, 2008	**79.5**	**(15.7)**	**63.8**
Translation adjustment	**(0.8)**		**(0.8)**
June 30, 2009	**78.7**	**(15.7)**	**63.0**

Goodwill has been allocated to the following cash-generating units, corresponding to the Group's core businesses.

(in € millions)	June 30, 2009	Dec. 31, 2008
Chargeurs Protective Films	45.8	46.5
Chargeurs Interlining	17.2	17.3
Total	**63.0**	**63.8**

Goodwill impairment tests

As explained in note 3.1 (a), no impairment losses were recognized on goodwill at June 30, 2009. The decrease in the value of goodwill in first-half 2009 was entirely due to the effect of changes in exchange rates.

b) Other intangible assets

(in € millions)	Trademarks and patents	Development costs	Rights of use	Other	Total
Dec. 31, 2007	3.3	1.3	2.0	0.6	7.2
Capitalized development costs		0.5			0.5
Additions	0.7			0.1	0.8
Disposals					0.0
Business acquisitions/divestments					0.0
Amortization	(0.7)	(0.1)		(0.1)	(0.9)
Impairment					0.0
Other					0.0
Translation adjustment	(0.1)		(0.1)		(0.2)
June 30, 2008	**3.2**	**1.7**	**1.9**	**0.6**	**7.4**

(in € millions)	Trademarks and patents	Development costs	Rights of use	Other	Total
Dec. 31, 2008	1.5	2.1	2.1	0.6	6.3
Capitalized development costs		0.1			0.1
Additions				0.3	0.3
Disposals					0.0
Business acquisitions/divestments					0.0
Amortization		(0.1)		(0.1)	(0.2)
Impairment					0.0
Other					0.0
Translation adjustment					0.0
June 30, 2009	**1.5**	**2.1**	**2.1**	**0.8**	**6.5**

7. Finance leases

The carrying amount of assets held under finance leases and included in property, plant and equipment is as follows:

(in € millions)	June 30, 2009	Dec. 31, 2008
Land	2.9	2.9
Buildings	30.4	30.4
Plant and equipment	8.4	8.4
Fixtures, fittings and other	7.8	7.8
Gross	49.5	49.5
Accumulated depreciation	(29.6)	(28.5)
Net	19.9	21.0

Future minimum lease payments under finance leases and the carrying amount of the corresponding liabilities can be analyzed as follows:

(in € millions)	June 30, 2009	Dec. 31, 2008
Future minimum lease payments under finance leases	19.2	21.4
Finance lease liabilities	16.9	18.4
Future finance cost	2.3	3.0

Future lease payments can be analyzed by maturity as follows:

(in € millions)	Minimum lease payments	Finance lease liabilities
Due in less than one year	4.1	3.4
Due in one to five years	13.8	12.5
Due in more than five years	1.3	1.0
Total at June 30, 2009	**19.2**	**16.9**
Due in less than one year	4.4	3.4
Due in one to five years	15.2	13.3
Due in more than five years	1.8	1.7
Total at Dec. 31, 2008	**21.4**	**18.4**

The main finance leases correspond to sale-and-leaseback transactions on real estate, for which financing is generally obtained for periods ranging from seven to fifteen years.

8. Long-term loans and receivables

The €10 million total for this item at June 30, 2009 breaks down as follows:

- Long-term loans in an amount of €4 million.
- Long-term deposits in an amount of €6 million.

The fair value of these assets approximates their carrying amount.

9. Deferred taxes

a) Analysis by probably recovery/settlement date (before netting asset and liability positions)

(in € millions)	June 30, 2009	Dec. 31, 2008
Deferred tax assets		
- Recoverable beyond 12 months	11.6	17.6
- Recoverable within 12 months	12.9	13.0
Deferred tax liabilities		
- Settlement beyond 12 months	(10.0)	(10.0)
- Settlement within 12 months	(2.0)	(1.9)
Total	**12.5**	**18.7**

b) Analysis by source (before netting asset and liability positions)

(in € millions)	June 30, 2009	Dec. 31, 2008
Deferred tax assets		
- Temporary differences	15.5	15.9
- Tax loss carryforwards and tax credits	9.0	14.7
Deferred tax liabilities		
- Temporary differences	(12.0)	(11.9)
Total	**12.5**	**18.7**

Deferred tax assets are recognized for tax loss carryforwards only when their future recovery is considered probable based on projected taxable profits for the next five years.

A significant portion of the Group's evergreen tax losses has been written down in full.

10. Inventories and work-in-progress

Inventories and work-in-progress can be analyzed as follows:

(in € millions)	June 30, 2009	Dec. 31, 2008
Gross		
Raw materials and supplies	39.0	43.7
Finished and semi-finished goods and work-in-progress	81.8	102.9
Total – gross	120.8	146.6
Provisions for impairment	(9.3)	(10.4)
Net	**111.5**	**136.2**
Increase in provisions for impairment of inventory	(1.8)	(7.1)
Reversals of provisions used	2.7	1.4
Reversals of surplus provisions	0.4	1.4

11. Trade receivables

(in € millions)	June 30, 2009	Dec.31, 2008
Trade receivables		
Gross	86.2	87.3
Provisions for impairment	(11.9)	(11.4)
Net	**74.3**	**75.9**

As these receivables are all short term and are not interest bearing, changes in interest rates do not generate any material interest rate risk.

Given their short maturities, the fair value of these receivables may be considered to approximate their carrying amount.

Factored receivables

At June 30, 2009, certain receivables had been sold under no-recourse agreements with factoring companies. The amounts paid by the factoring companies for the receivables totaled €49.6 million at June 30, 2009 (€64.7 million at December 31, 2008).

These receivables are shown in Chargeurs' statement of financial position even though they have been sold and despite the fact that title has been transferred to the factoring company (see note 3).

12. Derivative instruments

The carrying amount of derivatives can be analyzed as follows:

(in € millions)	June 30, 2009		Dec. 31, 2008	
Assets net of liabilities	Fair value	Notional	Fair value	Notional
Fair value hedges				
Currency hedges (a)	1.9	22.1	(2.0)	3.9
Cash flow hedges				
Currency hedges (a)	0.7	(7.6)	0.3	(7.4)
Interest rate hedges	(0.3)	(24.0)	0.1	(24.0)
Commodity hedges	-	-	-	-
Hedges of net investments in foreign operations				
Currency hedges (a)				
Derivatives not qualifying for hedge accounting				
Currency instruments (a)	-	-	0.1	(6.3)
Interest rate instruments	0.2	(24.0)	0.2	(24.0)
Derivative instruments – net asset/(liability)	**2.5**		**(1.3)**	

(a) Notional amounts shown in parentheses correspond to net seller positions

Fair value hedges on a notional amount of €22.1 million (net buyer position) correspond to hedges of assets and liabilities and firm commitments by subsidiaries.

Cash flow hedges on a notional amount of €7.6 million (net seller position) correspond to hedges of the Group's exposure to changes in the exchange rate for the US dollar and Chinese yuan.

Interest rate hedges on a notional amount of €24.0 million (net borrower position) correspond to:

- Partial conversion to a fixed rate of €48 million in credit lines obtained by Chargeurs Protective Films, through interest rate swaps. The fixed-rate portion represents €24 million, or 50% of the nominal amount of the credit lines. In addition, a swap cancellation option has been purchased on a notional amount of €24 million.

Net notional amounts of currency derivatives by currency (negative notional amount = net seller position)

(in € millions)	June 30, 2009	Dec. 31, 2008
Australian dollar	27.9	24.0
US dollar	(14.7)	(23.8)
Euro	(5.6)	(9.7)
Pound sterling	1.6	0.1
Danish krone		
Canadian dollar		
New Zealand dollar		
South African rand	5.2	3.0
Korean won		(0.7)
Chinese yuan		(2.7)
Total	**14.4**	**(9.8)**

Net notional amounts of interest rate derivatives by currency (negative notional amount = net borrower position)

(in € millions)	June 30, 2009	Dec. 31, 2008
Euro	(48.0)	(48.0)

Net notional amounts of commodity derivatives by currency (negative notional amount = net seller position)

(in € millions)	June 30, 2009	Dec. 31, 2008
Euro	-	-

Maturities of derivatives at fair value

(in € millions)	June 30, 2009	Dec. 31, 2008
Within 6 months	2.1	(1.6)
In 6 to 12 months	0.4	-
In 12 to 18 months		-
In more than 18 months		0.3

13. Other receivables

(in € millions)	June 30, 2009	Dec. 31, 2008
Short-term tax receivables	1.2	3.0
Sundry receivables	46.9	58.0
Accruals	2.9	1.1
Provision for impairment	(2.8)	(2.6)
Net	**48.2**	**59.4**

The fair value of these assets closely approximates their carrying amount.

14. Cash and cash equivalents

Cash and cash equivalents analyzed in the statement of cash flows break down as follows:

(in € millions)	June 30, 2009	Dec. 31, 2008
Cash equivalents		
Marketable securities	7.8	21.0
Term deposits	7.0	7.3
Sub-total	**14.8**	**28.3**
Cash at bank	40.3	29.5
Total	**55.1**	**57.8**

15. Equity

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since December 31, 2007 are as follows:

Shares outstanding at December 31, 2007	**10,377,097**
Issuance of shares on exercise of employee stock options	-
Shares outstanding at December 31, 2008	**10,377,097**
Issuance of shares on exercise of employee stock options	-
Shares outstanding at June 30, 2009	**10,377,097**

Based on a par value of €16 per share, shares outstanding at June 30, 2009 represented issued capital of €166,033,552, unchanged from December 31, 2008.

All the shares are of the same class, with the same rights to dividends and returns of capital.

Shares held in treasury can be analyzed as follows:

	June 30, 2009		Dec. 31, 2008	
	Number	Cost in euros	Number	Cost in euros
Chargeurs shares held:				
- By Chargeurs	13,334	230,851	13,334	230,851
- In connection with the liquidity contract	145,000	1,442,273	118,100	1,328,725
Total	**158,334**	**1,673,124**	**131,434**	**1,559,576**

"Other reserves" at June 30, 2009 included cumulative net gains on cash flow hedges in an amount of €0.4 million, unchanged from December 31, 2008.

16. Pension and other post-employment benefit obligations

Provisions for pension and other post-employment benefit obligations increased to €10.6 million at June 30, 2009 from €10.3 million at December 31, 2008, primarily due to the impact of changes in exchange rates.

There were no material changes in plan assets for partially funded plans at June 30, 2009 compared with the disclosures made at December 31, 2008.

17. Provisions

Provisions can be analyzed as follows:

(in € millions)	June 30, 2009	Dec. 31, 2008
Provisions for other non-current liabilities	12.7	7.2
Provisions for other current liabilities (a)	13.1	13.7
Total	**25.8**	**20.9**

(a) Included in "Other payables".

Movements in provisions:

(in € millions)	Provisions for other non-current liabilities	Provisions for other current liabilities	Total
January 1, 2008	3.9	3.6	7.5
Additions	0.9	1.5	2.4
Reversals of provisions used		(0.9)	(0.9)
Reversals of surplus provisions		(0.1)	(0.1)
Change in scope of consolidation			0.0
Other			0.0
Translation adjustment		(0.1)	(0.1)
June 30, 2008	**4.8**	**4.0**	**8.8**
January 1, 2009	7.2	13.7	20.9
Additions	5.6	2.2	7.8
Reversals of provisions used	(0.1)	(2.8)	(2.9)
Reversals of surplus provisions		(0.2)	(0.2)
Change in scope of consolidation			
Other			
Translation adjustment		0.2	0.2
June 30, 2009	**12.7**	**13.1**	**25.8**

(in € millions)	June 30, 2009	Dec. 31, 2008
Industrial restructuring costs (1)	17.8	14.1
Other contingencies (2)	8.0	6.8
Total	**25.8**	**20.9**

(1) Provisions for industrial restructuring costs mainly include the costs of staff layoffs announced to employees prior to June 30, 2009. The corresponding cash outflows will occur between the second half of 2009 and the end of 2012.
(2) Of the total cash outflows relating to "Other contingencies", €1.7 million will occur within the next 12 months.

18. Borrowings

The Chargeurs Group's financial liabilities fall within the category of "Other financial liabilities". Borrowings are measured using the amortized cost method.

Maturities of long-term debt can be analyzed as follows:

(in € millions)	June 30, 2009	Dec. 31, 2008
Due in less than one year	19.6	20.3
Due in one to two years	18.1	18.2
Due in two to three years	13.3	14.3
Due in three to four years	3.7	4.0
Due in four to five years	2.6	3.3
Due in more than five years	1.3	2.0
Total	**58.6**	**62.1**

<u>Borrowings by type of lender</u>

(in € millions)	Notional amount June 30, 2009	Notional amount Dec. 31, 2008	Effective interest rate June 30, 2009
Loans from financial institutions	58.6	62.1	2.69%
Bank overdrafts	82.8	79.9	-

<u>Borrowings before interest-rate hedges, by interest reset date for variable-rate borrowings and repayment date for fixed-rate borrowings</u>

	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014 and beyond
Fixed-rate borrowings	1	1	1	0.9	0.4	0.1
Variable-rate borrowings	54.6					

<u>Borrowings after interest-rate hedges, by interest reset date for variable-rate borrowings and repayment date for fixed-rate borrowings</u>

	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014 and beyond
Fixed-rate borrowings	7	19	1	0.9	0.4	0.1
Variable-rate borrowings	26.2					

At June 30, 2009 the average interest rate on long-term debt was 2.69% before hedging (5.20% at December 31, 2008) and 2.41% after hedging (4.54% at December 31, 2008).

The average fixed-rate portion of these borrowings after hedging was 46.89% in first-half 2009 (41.90% in full-year 2008).

Long-term debt was denominated in the following currencies at June 30, 2009 and December 31, 2008:

(in € millions)	June 30, 2009	Dec. 31, 2008
Euro	54.7	57.7
US dollar	3.7	4.4
Other	0.2	-
Total	**58.6**	**62.1**

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates applied. At June 30, 2009, the carrying amount of borrowings originally contracted at fixed rates was €28.5 million.

In September 2005, Chargeurs Protective Films took out a €50 million installment loan with two banks. The related agreements include the following banking covenants:

	2009	2008
Debt/equity	< 60%	< 60%
Debt/EBITDA	< 1.5	< 1.5
Interest cover (EBITDA/finance costs)	> 6.0	> 6.0

These ratios are calculated once a year based on the business segment's consolidated accounts.

19. Other payables and factoring liabilities

“Other payables” include short-term provisions for contingencies and charges in an amount of €11.7 million (see note 17).

Receivables sold under no-recourse agreements are shown in the statement of financial position for €49.6 million (see note 11), with the corresponding liability recorded under "Factoring liabilities".

20. Financial risk management

Financial risk management policies in the first half of 2009 were based on the principles described in the 2008 Annual Report.

NOTES TO THE INCOME STATEMENT

21. Research and development costs

Since the 31st of December 2007, the Research and development costs are recorded on a specific line of the Income Statement.

(in € millions)	First-half 2009	First-half 2008
Research and development costs	(1.9)	(2.9)
Total	**(1.9)**	**(2.9)**

22. Other operating income and expense

Other operating income and expense include the following:

(in € millions)	First-half 2009	First-half 2008
Exchange gains and losses	0.5	(0.3)
Gains and losses on disposal of non-current assets	-	1.6
Restructuring costs	(7.1)	(1.6)
Other	1.8	(0.6)
Total	**(4.8)**	**(0.9)**

23. Employee information

23.1 Number of employees

The average number of employees of fully consolidated subsidiaries was as follows in first-half 2009 and full-year 2008:

	First-half 2009	Full-year 2008
Employees in France	683	771
Employees outside France	1,691	1,941
Total employees	**2,374**	**2,712**

23.2 Wages and social charges

The Wages and social charges are recorded in cost of sales, distribution costs, administrative expenses, research and development costs.

24. Finance costs and other financial income and expense

(in € millions)	First-half 2009	First-half 2008
Finance costs	(5.1)	(7.4)
Interest income on loans and investments	1.6	2.5
Fair value adjustments to:		
- Investments in non-consolidated companies		
- Financial instruments	0.7	0.5
Exchange losses on transactions in foreign currencies		
Other		1.4
Finance costs and other financial income and expense, net	**(2.8)**	**(3.0)**

25. Income tax

Income tax for first-half 2009 and 2008 can be analyzed as follows:

(in € millions)	First-half 2009	First-half 2008
Current taxes	(0.9)	5.5
Deferred taxes	(6.1)	0.3
Total	**(7.0)**	**5.8**

The table below reconciles the Group's actual tax charge to the theoretical tax charge that would apply based on the weighted average tax rate of the consolidated companies (which is similar to the standard French tax rate).

In 2008, the Group recognized proceeds of €9.0 million on the no-recourse sale to a financial institution of a tax receivable. Of the total amount, €1.4 million corresponding to late interest was recognized under financial income and €7.6 million corresponding to tax was recognized under current taxes.

(in € millions)	First-half 2009	First-half 2008
Income tax for the period	(7.0)	5.8
Standard French income tax rate	33.33%	33.33%
Tax at the standard rate	5.9	(1.6)
Difference between income tax for the period and tax at the standard rate	(12.9)	7.3
Effect of differences in foreign tax rates	(0.3)	0.6
Effect of permanent differences between book profit and taxable profit	0.3	(2.1)
Change in tax assets recognized for tax losses:		
- Utilization of tax loss carryforwards recognized in prior periods and tax losses recognized during the current period		3.1
- Valuation allowances on deferred tax assets	(6.1)	
Effect of unrelieved tax losses	(6.5)	(1.8)
Other	(0.3)	7.5

26. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding during the period. The Company reported a basic loss per share of €2.58 for first-half 2009.

As there are no significant dilutive instruments outstanding, diluted earnings per share are the same as basic earnings per share.

27. Cash flows from operating activities

(in € millions)	First-half 2009	First-half 2008
Pre-tax profit/(loss) of consolidated companies	**(17.5)**	**4.4**
Adjustments	**8.6**	**5.2**
. Depreciation and amortization	*5.5*	*6.5*
. Provisions for liabilities and employee benefit obligations	*5.1*	*1.2*
. Impairment of non-current assets	*(1.0)*	
. Fair value adjustments	*(1.0)*	*(0.7)*
. Impact of discounting		
. Unrealized gains on cash flow hedges reallocated or used during the period (before tax and minority interests)		
. Gains and losses on sales of investments in non-consolidated companies and other non-current assets		*(1.6)*
. Other		*(0.2)*
Income tax refunded	**0.8**	**6.5**
Cash (used by) generated from operations	**(8.1)**	**16.1**

28. Commitments and contingencies

28.1 Commercial commitments

At June 30, 2009, Chargeurs and its subsidiaries were committed to purchasing plant and equipment for a total of €0.1 million (€0.3 million at December 31, 2008).

28.2 Guarantees

At June 30, 2009, Chargeurs and its subsidiaries had given guarantees for a total of €0.2 million.

28.3 Collateral

No assets were pledged as collateral during the first half of 2009.

28.4 *Commitments under non-cancelable medium-term operating leases*

Future minimum payments under non-cancelable medium-term operating leases break down as follows by maturity:

(in € millions)	June 30, 2009	Dec. 31, 2008
Due in less than one year	8.5	8.8
Due in one to five years	29.2	34.2
Due in more than five years	0.0	0.0
Total	**37.5**	**43.0**

29. Related-party transactions

Transactions with associates

In first-half 2009 transactions with associates primarily concerned purchases from and sales to the Chinese company, Ningbo Lailong Bertero Interlining. The net expense relating to these transactions was recognized under cost of sales by Chargeurs Interlining in an amount of € 4.2 million.

30. Information by business segment

Profits and losses by business segment were as follows for the first half of 2009:

(in € millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Revenue	64.8	86.4	75.2		226.4
Operating profit/(loss)	(6.8)	(7.7)	(0.7)	0.4	(14.8)
Finance costs					(2.8)
Share of profit/(loss) of associates					(1.9)
Pre-tax profit/(loss) for the period					(19.5)
Income tax					(7.0)
Profit/(loss) for the period					(26.5)

Profits and losses by business segment were as follows for first-half 2008:

(in € millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Other	Non-operating	Consolidated
Revenue	103.8	113.4	114.2	4.0		335.4
Operating profit	7.3	4.6	0.5	0.2	(5.2)	7.4
Finance costs						(3.0)
Share of profit/(loss) of associates						(1.4)
Pre-tax profit for the period						3.0
Income tax						5.8
Profit for the period						8.8

Additional information concerning the first half of 2009:

	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation	(1.4)	(2.8)	(1.0)		(5.2)
Impairment losses:					
• On goodwill					0.0
• On property, plant and equipment					0.0
Impairment losses:					
• On inventories	(0.9)	(0.5)	(0.4)		(1.8)
• On trade receivables	(0.1)	(0.4)			(0.5)

Additional information concerning the first half of 2008:

	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Other	Non-operating	Consolidated
Depreciation	(1.3)	(3.6)	(1.4)			(6.3)
Impairment losses:						
• On goodwill						0.0
• On property, plant and equipment						0.0
Impairment losses:						
• On inventories	(1.1)	(3.2)	(1.7)	(0.1)		(6.1)
• On trade receivables	0.2	(0.3)				(0.1)

Segment assets and liabilities at June 30, 2009

(in € millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Other	Non-operating	Total
Assets (a)	139.3	174.6	110.4	8.7	(4.3)	420.0
Liabilities (b)	65.1	71.3	58.3	1.4	(14.6)	180.1
Capital employed	74.2	103.3	52.1	7.3	10.3	239.9
Purchases of assets	0.4	0.9	0.3			1.6

(a) Excluding cash and cash equivalents.
(b) Excluding equity and bank borrowings net of cash and cash equivalents.

Segment assets and liabilities at December 31, 2008

(in € millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets (1)	146.0	195.0	128.0	13.0	482.0
Liabilities (2)	78.0	72.0	66.0		216.0
Capital employed	68.0	123.0	62.0	13.0	266.0
Purchases of assets	3.2	7.7	1.2	0.1	12.2

(1) Excluding cash and cash equivalents.
(2) Excluding equity and bank borrowings net of cash and cash equivalents.

31. Seasonal fluctuations in business

Seasonal fluctuations in business do not have a material impact on the Group's financial statements.

CHARGEURS

INTERIM ACTIVITY REPORT

2009

- **Faced with a severe contraction in revenue, during the first half, Chargeurs completed the restructuring measures needed to restore its profitability and secure a return to profit in 2010 even in the absence of a recovery in volumes**
- **In the second half, priority will be given to strengthening the Group's financial architecture**

The Board of Directors of Chargeurs met on August 27 under the chairmanship of Eduardo Malone to approve the consolidated financial statements for the six months ended June 30, 2009.

The deep recession during the period led to a sharp contraction in the markets served by the Group's main customers.

Chargeurs responded by implementing all the restructuring measures needed to align production capacity, particularly in Europe, with the size of the markets in which it operated in first-half 2009. These restructuring measures will generate annual cost savings of €17 million. The related costs recognized in the first-half income statement came to €14 million.

Together, the sharp drop in revenue and the cost of the restructuring measures led to an operating loss for the period of €14.7 million and a net loss of €26.4 million.

1 - <u>CONSOLIDATED RESULTS</u>

	First Half	
(in € millions)	**2009**	**2008**
Revenue	226.4	335.4
Operating profit/(loss)	(14.7)	7.4
Net profit/(loss)	(26.4)	9.1

2 - *ANALYSIS BY BUSINESS SEGMENT*

CHARGEURS PROTECTIVE FILMS

(in € millions)	First Half	
	2009	**2008**
Revenue	64.8	103.8
Operating profit/(loss)	(6.8)	7.3

Chargeurs Protective Films' revenue contracted by 37.6% compared with first-half 2008, mainly due to the lower volumes resulting from the falloff in demand experienced by customers and their response in the shape of massive inventory drawdowns.

As a result of the overall decline in volumes, production capacity in Europe was scaled back in line with the new market situation.

Chargeurs Protective Films ended the period with an operating loss of €6.8 million, reflecting the impact of lower revenues and the cost of restructuring measures.

CHARGEURS INTERLINING

(in € millions)	First Half	
	2009	**2008**
Revenue	86.4	117.4
Operating profit/(loss)	(7.7)	4.7

Chargeurs Interlining's first-half revenue was down 26.4%, mainly due to lower volumes.

The decline in business volumes and the cost of restructuring measures to align capacity with the reduction in the European customer base led to a €7.7 million operating loss for the period.

CHARGEURS WOOL

(in € millions)	First Half	
	2009	**2008**
Revenue	75.2	114.2
Operating profit/(loss)	(0.7)	0.5

Chargeurs Wool's revenue fell by 34.2%, reflecting a sharply negative price effect and a more limited unfavorable volume effect.

The operating loss for the period stemmed from narrower margins.

3 – FINANCIAL POSITION

Net bank debt amounted to €86.3 million at June 30, 2009 compared with €84.2 million at December 31, 2008.

Negotiations are underway with the banks to consolidate the Group's financing structure by restructuring certain facilities. At the same time, plans are being made to raise equity capital during the second half.

4 – GUIDANCE 2009

In view of the first-half results and the restructuring plans currently underway, the Group has revised its full-year guidance as follows:

- Revenue: €445 million
- Operating loss: €29 million
- Net loss: €48 million

The forecast operating loss consists mainly of restructuring costs in the amount of €24 million. Excluding these non-recurring items, underlying operating loss is forecast at €5 million.

5. OUTLOOK FOR 2010

The measures taken in 2009 should drive a €21 million improvement in operating performance, led by €17 million worth of cost savings.

Thus, based on projected 2010 revenue of approximately €450 million, the Group should end the year with recurring operating profit of €16 million versus a forecast €5 million loss this year.

6. RELATED PARTY TRANSACTIONS

A description of related party transactions is provided in Note 29 to the condensed interim consolidated financial statements for the first-half of 2009. Related parties are companies that are up to 50%-owned under cooperation agreements. Chargeurs having significant influence over their management, those companies are therefore accounted for by the equity method. Those companies are industrial and sales companies.

During the first-half 2009, there were no material changes in the nature and volume of related party transactions.

August 27, 2009

CHARGEURS

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I declare that, to the best of my knowledge, (i) the condensed financial statements for the six months ended June 30, 2009 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the consolidated companies, and (ii) the interim management report includes a fair review of significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Paris, August 27, 2009

Eduardo Malone
Chairman and Chief Executive Officer

STATUTORY AUDITORS' REVIEW REPORT ON THE 2009 HALF-YEAR FINANCIAL INFORMATION

(Period from January 1, 2009 to June 30, 2009)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the Monetary and Financial Code (*"Code monétaire et financier"*), we hereby report to you on:
- the review of the accompanying interim consolidated financial statements of Chargeurs SA, for the six months ended June 30, 2009,
- the verification of information contained in the interim management report.

These interim consolidated financial statements are prepared under the responsibility of the Managing Board in light of the current economic crisis described in the interim management report. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting", as adopted by the European Union.

2. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the interim management report on the interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the interim consolidated financial statements.

Neuilly-sur-Seine and Paris, August 27, 2009

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	S & W Associés
Gérard Morin	Maryse Legoff