CHARGEURS

Interim Financial Report 2011

CONTENT

CHARGEURS

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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First-half 2011

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Consolidated Statement of Financial Position *(in euro millions)*

Assets	June 30, 2011	December 31, 2010
Non-current assets		
Property, plant and equipment (note 5)	54.4	59.4
Intangible assets (note 6)	66.5	70.9
Investments in associates	16.9	18.3
Deferred tax assets (note 8)	18.2	18.6
Non-current financial assets		
Investments in non-consolidated companies	1.8	2.2
Long-term loans and receivables (note 9)	7.6	7.4
Derivative instruments (note 10)		
Other non-current assets	3.3	4.3
	168.7	**181.1**
Current assets		
Inventories and work-in-progress (note 11)	159.7	149.4
Trade receivables (note 12)	56.9	50.9
Factored receivables (*)	*73.1*	*64.6*
Derivative instruments (note 10)	1.6	1.2
Other receivables and prepaid expenses (note 13)	44.0	35.3
Cash and cash equivalents (note 14)	77.8	83.2
	413.1	**384.6**
Assets held for sale	5.5	4.8
Total assets	**587.3**	**570.5**

Equity and liabilities	June 30, 2011	December 31, 2010
Equity		
Attributable to owners of the parent		
Share capital (note 15)	2.1	2.1
Share premium account (note 15)	37.4	36.9
Other reserves and retained earnings (note 15)	125.0	111.5
Net profit for the period	7.2	12.9
Treasury stock	(1.2)	(1.2)
Translation reserve	(6.7)	5.3
	163.8	**167.5**
Non-controlling interests	6.4	6.7
Total equity	**170.2**	**174.2**
Non-current liabilities		
Convertible bonds (note 16)	12.7	12.7
Long-term borrowings (note 17)	45.4	90.1
Deferred tax liabilities (note 8)	0.9	0.9
Pension and other post-employment benefit obligations (note 18)	9.8	10.0
Provisions (note 19)	2.4	1.9
Other non-current liabilities (note 20)	10.2	10.0
	81.4	**125.6**
Current liabilities		
Trade payables	110.6	93.2
Other payables (note 20)	45.6	51.7
Factoring liabilities (*)	*73.1*	*64.6*
Current income tax liability	0.6	1.0
Derivative instruments (note 10)	0.6	0.5
Short-term portion of long-term borrowings (note 17)	41.7	7.8
Short-term bank loans and overdrafts (note 17)	59.3	48.4
	331.5	**267.2**
Liabilities related to assets held for sale	**4.2**	**3.5**
Total equity and liabilities	**587.3**	**570.5**

Notes 1 to 32 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 euro millions)*

	First-half 2011	First-half 2010
Revenue	**290,7**	**255,9**
Cost of sales	(228,3)	(197,0)
Gross profit	62,4	58,9
Distribution costs	(28,1)	(27,8)
Administrative expenses	(18,1)	(16,9)
Research and development costs	(1,9)	(1,6)
Other operating income (note 22)	2,3	5,4
Other operating expense (note 22)	(2,0)	(5,3)
Operating profit	**14,6**	**12,7**
Finance costs and other financial expense	(6,0)	(6,5)
Financial income	1,2	1,7
Finance costs and other financial income & expense, net (note 24)	**(4,8)**	**(4,8)**
Share of profit of associates	0,7	1,3
Pre-tax profit for the period	**10,5**	**9,2**
Income tax expense (note 25)	(3,0)	(2,3)
Profit from continuing operations	**7,5**	**6,9**
Profit/(loss) from discontinued operations	(0,2)	(0,1)
Net profit for the period	**7,3**	**6,8**
Attributable to:		
Owners of the parent	7,2	6,8
Non-controlling interests	0,1	-
Earnings per share (in euros)		
Basic earnings per share	0,6	0,6
Diluted earnings per share	0,4	0,4
Weighted average number of shares outstanding	12 810 453	10 496 762

Notes 1 to 32 are an integral part of the interim consolidated financial statements.

Consolidated Statement of Comprehensive Income *(in euro millions)*

	First-half 2011	First-half 2010
Net profit for the period	**7.3**	**6.8**
Other comprehensive income/(expense)	0.1	(0.1)
Exchange differences on translating foreign operations	(12.4)	26.4
Available-for-sale financial assets		
- Fair value adjustments for the period recognized in equity	-	-
- Cumulative fair value adjustments reclassified to profit or loss	-	-
Cash flow hedges		
- Fair value adjustments for the period recognized in equity	0.5	(1.2)
- Cumulative fair value adjustments reclassified to profit or loss	-	-
Share of other comprehensive income of associates	-	-
Income tax relating to components of other comprehensive income		
Other comprehensive income/(expense) for the period, net of tax	**(11.8)**	**25.1**
Total comprehensive income/(expense) for the period	**(4.5)**	**31.9**
Attributable to:		
Owners of the parent	(4.2)	30.9
Non-controlling interests	(0.3)	1.0

Notes 1 to 32 are an integral part of the interim consolidated financial statements.

Consolidated Statement of Cash Flows *(in euro millions)*

	First-half 2011	First-half 2010
Cash flows from operating activities		
Pre-tax profit of consolidated companies	9.8	7.9
Adjustments (note 28)	4.1	0.7
Income tax paid	(2.7)	(0.1)
Cash generated by operations	11.2	8.5
Dividends from associates	0.7	0.3
Change in operating working capital	(17.5)	(15.1)
Net cash used by operating activities	**(5.6)**	**(6.3)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(2.2)	(2.5)
Proceeds from sales of property, plant and equipment	1.0	1.2
Purchases of intangible assets		(0.1)
Purchases of non-current financial assets		(0.6)
Proceeds from sales of non-current financial assets		-
Other movements	0.4	1.0
Net cash used by investing activities	**(0.8)**	**(1.0)**
Cash flows from financing activities		
Proceeds from issues of shares on conversion of bonds	0.5	4.5
(Purchases)/sales of treasury stock		-
Proceeds from convertible bond issues		21.5
Proceeds from new borrowings	3.3	-
Conversion of bonds	(0.5)	(4.5)
Repayment of borrowings		(8.3)
Other movements (*)		8.6
Net cash from financing activities	**3.3**	**21.8**
(Decrease)/increase in cash and cash equivalents	**(3.1)**	**14.5**
Cash and cash equivalents at beginning of period	83.2	55.9
Cash and cash equivalents reclassified as "Assets held for sale"		1.2
Effect of changes in foreign exchange rates	(2.3)	5.1
Cash and cash equivalents at period-end	**77.8**	**76.7**

(*) See note 20

Notes 1 to 32 are an integral part of the interim consolidated financial statements.

Consolidated Statement of Changes in Equity *(in euro millions)*

	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Treasury stock	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
At December 31, 2009	166.0	32.2	(57.1)	(10.1)	0.4	(1.2)	130.2	6.0	136.2
Issue of share capital	0.3	4.2					4.5		4.5
Capital reduction	(164.3)		164.3				0.0		0.0
Equity component of convertible bonds			4.6				4.6		4.6
Changes in treasury stock			0.1				0.1		0.1
Dividends paid							0.0		0.0
Net profit for the period			6.8				6.8		6.8
Other comprehensive income/(expense)			(0.1)	25.4	(1.2)		24.1	1.0	25.1
At June 30, 2010	2.0	36.4	118.6	15.3	(0.8)	(1.2)	170.3	7.0	177.3
At December 31, 2010	2.1	36.9	124.6	5.3	(0.2)	(1.2)	167.5	6.7	174.2
Issue of share capital		0.5					0.5		0.5
Capital reduction							0.0		0.0
Change in treasury stock							0.0		0.0
Dividends paid							0.0		0.0
Net profit for the period			7.2				7.2	0.1	7.3
Other comprehensive income/(expense)			0.1	(12.0)	0.5		(11.4)	(0.4)	(11.8)
At June 30, 2011	2.1	37.4	131.9	(6.7)	0.3	(1.2)	163.8	6.4	170.2

Notes 1 to 32 are an integral part of the interim consolidated financial statements.

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1. General information

In first-half 2011, 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 *société anonyme* governed by the laws of France. Its headquarters are located at 29-31, rue Washington, 75008 Paris, France.

Chargeurs shares are listed on NYSE Euronext Paris.

The interim consolidated financial statements for the six months ended June 30, 2011 were approved by the Board of Directors on August 25, 2011. All amounts are expressed in millions of euros, unless otherwise specified.

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 first-half 2011 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The consolidated financial statements have been prepared in accordance with the historical cost convention, except for land and buildings 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 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.

2.2 Summary description of new, revised and amended standards and interpretations

a) New standards, amendments to existing standards and interpretations applicable in financial periods commencing on or after January 1, 2011:

Adopted by the European Union:

✓ Affecting the Group

- May 2010 improvements to IFRSs
- Amendment to IAS 24 – Related Party Disclosures (revised November 2009)
- IFRIC 14 – Prepayments of a Minimum Funding Requirement
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

b) New standards, amendments to existing standards and interpretations applicable in future years and not early adopted by the Group:

Not yet adopted by the European Union

✓ Affecting the Group:

- Amendment to IFRS 7 - Financial Instruments: Disclosures - Transfers of Financial Assets
- IFRS 9 - Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- Amendment to IAS 1 – Presenting Comprehensive Income
- Amendment to IAS 12 – Deferred Tax: Recovery of Underlying Assets
- IAS 19 Revised – Employee Benefits
- IAS 27 – Separate Financial Statements
- IAS 28 – Investments in Associates and Joint Ventures

✓ Not affecting the Group

- Amendment to IFRS 1 – Severe Hyperinflation
- Amendment to IFRS 1 – Removal of Fixed Dates for First-Time Adopters
- Amendment to IAS 32 – Classification of Rights Issues

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) Impairment of goodwill

Goodwill is tested for impairment on an annual basis as described in note 2.6. to the 2010 consolidated financial statements. The recoverable amounts of cash-generating units (CGUs) were determined at December 31, 2010 based on calculations of value in use.

Given the consistency of first-half results with the business plans used to calculate the CGUs' value in use at December 31, 2010, it was not necessary to test the CGUs for impairment at June 30, 2011.

(b) Income tax

Based on updated projections of future taxable profit, at June 30, 2011 tax assets of €11.6 million were recognized for the losses of companies in the French tax group.

3.2 Critical judgments

For several years, the Group has sold receivables under no-recourse agreements involving the transfer of title. Accordingly, these receivables are no longer recognized in the financial statements of the relevant entities.

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.

Based on Chargeurs' analysis of the sale contracts in relation to these three criteria, it was deemed prudent to keep these receivables in the consolidated balance sheet and to record a liability for the amount of the cash proceeds received.

The presentation of these items in the consolidated financial statements is unchanged from 2005, but may change in the future based on amendments to contracts or changes in sale procedures.

4. Acquisitions - disposals

There were no significant changes in the scope of consolidation during first-half 2011.

NOTES TO THE BALANCE SHEET

5. Property, plant and equipment

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

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
December 31, 2009	**4.8**	**22.8**	**26.3**	**5.4**	**2.1**	**61.4**
Additions		0.1	0.4	0.1	2.1	2.7
Disposals			(0.2)			(0.2)
Changes in scope of consolidation						
Depreciation		(1.2)	(3.2)	(0.8)		(5.2)
Impairment						
Other			0.8	0.1	(0.9)	
Translation adjustment	0.1	1.4	3.0	0.2	0.2	4.9
June 30, 2010	**4.9**	**23.1**	**27.1**	**5.0**	**3.5**	**63.6**

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
December 31, 2010	**4.7**	**19.7**	**27.5**	**5.2**	**2.3**	**59.4**
Additions		0.1	0.6	0.1	1.5	2.3
Disposals		(0.2)	(0.2)			(0.4)
Changes in scope of consolidation						
Depreciation		(1.2)	(3.5)	(0.3)		(5.0)
Impairment						
Other						
Translation adjustment		(0.6)	(1.1)		(0.2)	(1.9)
June 30, 2011	**4.7**	**17.8**	**23.3**	**5.0**	**3.6**	**54.4**

6. Goodwill and other intangible assets

a) Goodwill arising on the acquisition of subsidiaries can be analyzed as folows:

(in euro millions)	Gross	Accumulated impairment losses	Net
January 1, 2010	**77.8**	**(15.7)**	**62.1**
Goodwill recognized on:			
- companies acquired during the year			
- companies disposed of during the year			
- companies removed from the scope of consolidation			
Translation adjustment	8.2		8.2
Changes in scope of consolidation			
Impairment losses recognised during the period			
June 30, 2010	**86.0**	**(15.7)**	**70.3**

(in euro millions)	Gross	Accumulated impairment losses	Net
January 1, 2011	**81.5**	**(15.7)**	**65.8**
Goodwill recognized on:			
- companies acquired during the year			
- companies disposed of during the year			
- companies removed from the scope of consolidation			
Translation adjustment	(4.1)		(4.1)
Changes in scope of consolidation			
Impairment losses recognised during the period			
June 30, 2011	**77.4**	**(15.7)**	**61.7**

Goodwill has been allocated to the following cash-generating units, corresponding to Group businesses:

(in euro millions)	**June 30, 2011**	**December 31, 2010**
Chargeurs Protective Films	44.8	48.4
Chargeurs Interlining	16.9	17.4
Total	**61.7**	**65.8**

Goodwill impairment tests

As explained in note 3.1 (a), no impairment losses were recognized on goodwill at June 30, 2011. The change in the value of goodwill during the period was entirely due to the effect of changes in exchange rates.

b) Other intangible assets

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
January 1, 2010	**0.7**	**2.2**	**1.4**	**1.1**	**5.4**
Capitalized development costs					
Additions	0.2			0.1	0.3
Disposals	(0.2)				(0.2)
Changes in scope of consolidation					
Amortization		(0.2)		(0.1)	(0.3)
Impairment					
Other					
Translation adjustment			0.3	0.1	0.4
June 30, 2010	**0.7**	**2.0**	**1.7**	**1.2**	**5.6**

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
January 1, 2011	**0.3**	**1.8**	**2.0**	**1.0**	**5.1**
Capitalized development costs					
Additions			0.1		0.1
Disposals					
Changes in scope of consolidation					
Amortization		(0.1)	(0.1)	(0.1)	(0.3)
Impairment					
Other					
Translation adjustment			(0.1)		(0.1)
June 30, 2011	**0.3**	**1.7**	**1.9**	**0.9**	**4.8**

7. Finance leases

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

(in euro millions)	**June 30, 2011**	**December 31, 2010**
Land	2.9	2.9
Buildings	30.4	30.4
Plant and equipment	17.5	17.5
Fixtures and fittings	9.0	9.0
Gross	**59.8**	**59.8**
Accumulated depreciation	(34.2)	(32.5)
Impairment	(9.6)	(9.6)
Net	**16.0**	**17.7**

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

(in euro millions)	**June 30, 2011**	**December 31, 2010**
Future minimum lease payments under finance leases	19.0	22.3
Finance lease liabilities	17.8	20.3
Future finance cost	**1.2**	**2.0**

Future lease payments can be analyzed by maturity as follows:

(in euro millions)	**Minimum lease payments**	**Finance lease liabilities**
Due in less than one year	5.8	5.1
Due in one to five years	13.2	12.7
Due in more than five years	-	
Total at June 30, 2011	**19.0**	**17.8**
Due in less than one year	6.1	5.1
Due in one to five years	16.1	15.2
Due in more than five years	0.1	-
Total at December 31, 2010	**22.3**	**20.3**

The main finance leases correspond to sale-and-leaseback transactions on real estate and equipment leases for machinery. Financing is generally obtained for periods ranging from six to fifteen years and corresponds to secured debt.

8. Deferred taxes

a) Analysis by probable recovery/settlement date (before netting asset and liability positions for the same taxable entity)

(in euro millions)	June 30, 2011	December 31, 2010
Deferred tax assets, net		
- recoverable beyond 12 months	13.4	14.2
- recoverable within 12 months	12.8	13.3
Deferred tax liabilities		
- settlement beyond 12 months	(7.2)	(8.0)
- settlement within 12 months	(1.7)	(1.8)
Total	**17.3**	**17.7**

b) Analysis by source (before netting asset and liability positions for the same taxable entity)

(in euro millions)	June 30, 2011	December 31, 2010
Deferred tax assets, net		
- deductible temporary differences	14.1	14.9
- tax loss carryforwards and tax credits	12.1	12.6
Deferred tax liabilities		
- taxable temporary differences	(8.9)	(9.8)
Total	**17.3**	**17.7**

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.

No deferred tax assets have been recognized for a significant portion of the Group's evergreen losses.

9. Long-term loans and receivables

The €7.6 million total for this item breaks down as follows:

- Long-term loans in an amount of €2.4 million.
- Long-term deposits in an amount of €5.2 million.

The fair value of these assets approximates their carrying amount.

10. Derivative instruments

The carrying amount of derivatives can be analyzed as follows:

(in euro millions)	June 30, 2011		December 31, 2010	
Assets net of liabilities	Fair value	Notional	Fair value	Notional
Fair value hedges				
Currency hedges (a)	0.7	(13.7)	0.6	(13.8)
Cash flow hedges				
Currency hedges (a)	0.3	4.7	0.1	4.5
Interest rate hedges				
Commodity hedges				
Hedges of net investments in foreign operations				
Currency hedges (a)				
Derivatives not qualifying for hedge accounting				
Currency derivatives (a)				
Interest rate derivatives				
Derivative instruments - net asset/(liability)	**1.0**		**0.7**	

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

Fair value hedges on a notional amount of €13.7 million (net seller position) correspond to hedges of assets and liabilities and firm commitments by subsidiaries.

Cash flow hedges on a notional amount of €4.7 million (net buyer position) correspond to hedges of net sales and purchases denominated in British pounds for €2.5 million, US dollars for €1.4 million, and Korean won for €0.8 million.

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

(in euro millions)	June 30, 2011	December 31, 2010
Australian dollar	3.7	2.1
US dollar	0.2	7.9
Euro	(15.0)	(19.4)
British pound	0.4	(0.6)
Danish krone		
Canadian dollar		
New Zealand dollar		
South African rand		
Korean won	1.7	0.7
Chinese renminbi		
Total	**(9.0)**	**(9.3)**

Maturities of derivatives at fair value

(in euro millions)	June 30, 2011	December 31, 2010
Less than 6 months	0.9	0.7
More than 6 months	0.1	-

11. Inventories and work-in-progress

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

(in euro millions)	**June 30, 2011**	**December 31, 2010**
Gross		
Raw materials and supplies	70.1	71.5
Finished and semi-finished goods and work-in-progress	94.1	82.8
Other	2.0	1.6
Total - gross	**166.2**	**155.9**
Provisions for impairment	(6.5)	(6.5)
Net	**159.7**	**149.4**
Increase in provisions for impairment of inventory	**(1.4)**	**(1.8)**
Reversals of provisions used	**1.0**	**1.7**
Reversals of surplus provisions	**0.2**	**1.4**

12. Trade receivables

(in euro millions)	**June 30, 2011**	**December 31, 2010**
Trade receivables		
Gross	66.8	63.9
Provisions for impairment	(9.9)	(13.0)
Net	**56.9**	**50.9**

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, their fair value may be considered to be close to their carrying amount.

Factored receivables

At June 30, 2011, certain receivables had been sold under no-recourse agreements with factoring companies.

The amounts paid by the factoring companies for the receivables totaled €73.1 million at June 30, 2011 (€64.6 million at December 31, 2010).

These receivables are shown on Chargeurs' balance sheet even though they have been sold and despite the fact that title has been transferred to the factoring company (see note 3).

13. Other receivables and prepaid expenses

(in euro millions)	June 30, 2011	December 31, 2010
Short-term tax receivables	0.5	0.8
Other receivables	43.2	34.7
Accruals	1.7	1.4
Provisions for impairment	(1.4)	(1.6)
Net	**44.0**	**35.3**

The fair value of these assets 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 euro millions)	June 30, 2011	December 31, 2010
Marketable securities	18.3	14.0
Term deposits	14.4	11.4
Sub-total	**32.7**	**25.4**
Cash at bank	45.1	57.8
Total	**77.8**	**83.2**

15. Equity

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since January 1, 2010 are as follows:

Shares outstanding at January 1, 2010	**10,377,097**
Issuance of shares on exercise of employee stock options	2,494,692
Shares outstanding at December 31, 2010	**12,871,789**
Issuance of shares on conversion of bonds by bondholders	241,916
Shares outstanding at June 30, 2011	**13,113,705**

Based on a par value of €0.16 per share, shares outstanding at June 30, 2011 represented issued capital of €2,098,192.80 (December 31, 2010: €2,059,486.24).

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

a) Conversion of bonds into shares

During the period, 8,715 bonds were converted into shares. The aggregate par value of the shares issued on conversion was €0.039 million and the aggregate premium was €0.479 million, for a total of €0.5 million.

	First-half 2011
Number of convertible bonds	
- At January 1, 2011	322,687
- Conversions for the period	8,715
- At June 30, 2011	313,972
Number of shares issued on conversion of bonds	
- At January 1, 2010	2,494,692
- Conversions for the period	235,305
- Shares issued in payment of interest	6,611
- At June 30, 2011	2,736,608
Number of shares potentially issuable between June 30, 2011 and January 1, 2016	
- Minimum number of shares	1,902,670
- Maximum number of shares	10,047,104
Aggregate face value of the bonds (in euros)	22,829,565
Maximum amount redeemable at maturity (bonds outstanding at June 30, 2011) (in euros)	17,268,460

b) Treasury stock

Shares held in treasury can be analyzed as follows:

	June 30, 2011		December 31, 2010	
	Number	Cost in euros	Number	Cost in euros
Chargeurs shares held:				
- By Chargeurs	13,334	230,851	13,334	230,851
- For the liquidity contract	103,000	972,436	103,000	972,436
Total	**116,334**	**1,203,287**	**116,334**	**1,203,287**

c) Other reserves

"Other reserves" at June 30, 2011 included cumulative net gains on cash flow hedges for €0.3 million, compared with cumulative net losses of €0.2 million at December 31, 2010.

16. Convertible bonds

a) Description of the operation

In April 2010, Chargeurs SA issued 415,083 subordinated convertible bonds with a nominal value of €55, with pre-emptive subscription rights for existing shareholders.

The characteristics of this bond issue are described in note 20 to the 2010 consolidated financial statements.

b) Accounting treatment

The accounting treatment of the convertible bonds in accordance with IAS 32 led to a €4.6 million increase in equity at December 31, 2010.

The market interest rate used to calculate the fair value of the debt and the initial breakdown between the bonds' debt and equity components are presented below:

- Market interest rate used to calculate fair value: 5.35%
- Effective interest rate: 8.27%
- Fair value of the debt on the issue date: €16.8 million.

The related finance cost for the six months ended June 30, 2011 was €0.5 million.

During first-half 2011, 8,715 bonds were converted, leading to a €0.5 million decrease in the outstanding debt.

(in euro millions)	**December 31, 2010**	**Finance cost for the period**	**Conversions for the period**	**June 30, 2011**
Share capital	0.4		0.1	0.5
Share premium account (conversion)	4.7		0.4	5.1
Equity component of convertible bonds	4.6			4.6
Convertible bonds	**12.7**	**0.5**	**(0.5)**	**12.7**

17. Borrowings

The Chargeurs Group's financial liabilities correspond to "Other financial liabilities" as defined in IAS 39. Borrowings are measured using the amortized cost method.

(in euro millions)	June 30, 2011	December 31, 2010
Bank borrowings	69.3	77.6
Finance lease liabilities	17.8	20.3
Total	**87.1**	**97.9**

Long-term debt can be analyzed as follows by maturity:

(in euro millions)	June 30, 2011	December 31, 2010
Due in less than one year	41.7	7.8
Due in one to two years	24.3	61.5
Due in two to three years	14.1	14.9
Due in three to four years	6.9	10.5
Due in four to five years	0.1	3.1
Due in more than five years		0.1
Total	**87.1**	**97.9**

Borrowings by type:

(in euro millions)	Notional amount June 30, 2011	Notional amount Dec. 31, 2010	Effective interest rate June 30, 2011
Bank borrowings	87.1	97.9	4.41%
Bank overdrafts	59.3	48.4	-

Borrowings by interest reset date for variable-rate borrowings and repayment date for fixed-rate borrowings:

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016 and beyond
Fixed-rate borrowings	2.9	9.3	0.6	0.2		
Variable-rate borrowings	38.8	15	13.5	6.7	0.1	

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates applied. At June 30, 2011, the carrying amount of borrowings originally contracted at fixed rates was €13 million.

The average interest rate on long-term debt was 4.41% at June 30, 2011 and 3.39% at December 31, 2010.

The fixed-rate portion of these borrowings represented an average of 15% in first-half 2011 (14.8% in 2010).

Long-term debt was denominated in the following currencies at June 30, 2011 and December 31, 2010:

(in euro millions)	**June 30, 2011**	**December 31, 2010**
Euro	82.7	92.8
US dollar	2.1	2.6
Other	2.3	2.5
Total	**87.1**	**97.9**

Effective from June 2010, the credit facilities granted to the Interlining and Protective Films businesses under the agreement entered into on February 4, 2010 are subject to the usual covenants, with the ratios (net debt/EBITDA and interest cover) calculated at six-monthly intervals over rolling twelve-month periods at the level of each business.

	Chargeurs Protective Films	Chargeurs Interlining
Net debt/EBITDA	< 8.8	< 8.2
Interest cover (EBITDA/finance costs)	> 3	>2

18. Pension and other post-employment benefit obligations

Provisions for pension and other post-employment benefit obligations decreased to €9.8 million at June 30, 2011 from €10 million at December 2010, primarily due to the effect of changes in exchange rates.

There were no material changes in plan assets for partially funded plans at June 30, 2011 compared with the disclosures made at December 31, 2010.

19. Provisions

Provisions can be analyzed as follows:

(in euro millions)	June 30, 2011	December 31, 2010
Long-term provisions	2.4	1.9
Short-term provisions [(a)]	4.7	6.5
Total	**7.1**	**8.4**

(a) Classified in other payables

Movements in provisions:

(in euro millions)	Long-term provisions	Short-term provisions	Total
January 1, 2010	5.8	14.6	20.4
Additions		0.4	0.4
Reversals of provisions used		(2.8)	(2.8)
Reversals of surplus provisions		(1.9)	(1.9)
Change in scope of consolidation			
Other	(0.8)	0.3	(0.5)
Translation adjustment		0.2	0.2
June 30, 2010	**5.0**	**10.8**	**15.8**

(in euro millions)	Long-term provisions	Short-term provisions	Total
January 1, 2011	1.9	6.5	8.4
Additions		0.9	0.9
Reversals of provisions used		(1.2)	(1.2)
Reversals of surplus provisions		(1.0)	(1.0)
Change in scope of consolidation			
Other	0.5	(0.5)	
Translation adjustment			
June 30, 2010	**2.4**	**4.7**	**7.1**

(in euro millions)	June 30, 2011	December 31, 2010
Provisions for industrial restructuring costs	4.1	5.4
Provisions for other contingencies	3.0	3.0
Total	**7.1**	**8.4**

20. Other non-current liabilities, other payables and factoring liabilities

"Other non-current liabilities" include an €9.8 million bond received in respect of a license.

"Other payables" include short-term provisions in an amount of €4.7 million (see note 19).

Receivables sold under no recourse agreements are shown in the balance sheet for €73.1 million (see note 12), with the corresponding liability recorded under "Factoring liabilities".

21. Financial risk management

Financial risk policies in the first half of 2011 were based on the principles described in the 2010 Annual Report.

The following table presents the sensitivity of consolidated equity to currency risk, based on data at June 30, 2011.

(in euro millions)	Translation reserves by currency	Effect of a 10% increase in the exchange rate against the euro	Effect of a 10% decrease in the exchange rate against the euro
AUD	0.4	0.0	(0.0)
ARS	(3.7)	0.4	(0.4)
BDT	(0.2)	0.0	(0.0)
BRL	1.1	0.1	(0.1)
CAD	0.3	0.0	(0.0)
CHF	0.1	0.0	(0.0)
CLP	0.2	0.0	(0.0)
GBP	(0.5)	0.1	(0.1)
HKD	(0.6)	0.1	(0.1)
KOR	1.3	0.1	(0.1)
LKR	(0.2)	0.0	(0.0)
MXP	(0.2)	0.0	(0.0)
MYR	0.4	0.0	(0.0)
NZD	0.7	0.1	(0.1)
RMB	4.2	0.4	(0.4)
SID	0.7	0.1	(0.1)
TRY	(1.1)	0.1	(0.1)
USD	(9.0)	0.9	(0.9)
WON	(0.3)	0.0	(0.0)
ZAR	(0.3)	0.0	(0.0)
Total	**-6.7**	**2.6**	**-2.6**

NOTES TO THE INCOME STATEMENT

22. Other operating income and expense

Other operating income and expense include the following:

(in euro millions)	First-half 2011	First-half 2010
Exchange gains and losses	(0.8)	(0.8)
Gains and losses on disposal of non-current assets	0.7	1.1
Restructuring costs	0.4	0.8
Other	-	(1.0)
Total	**0.3**	**0.1**

23. Employee information

a) Number of employees

The average number of employees of fully consolidated subsidiaries may be analyzed as follows:

	June 30, 2011	December 31, 2010
Employees in France	547	547
Employees outside France	1,540	1,668
	2,087	**2,215**

b) Payroll costs

Payroll costs and discretionary profit-shares are recorded in cost of sales, distribution costs, administrative expenses and research and development costs.

24. Finance costs and other financial income and expense

(in euro millions)	First-half 2011	First-half 2010
Cost of net debt		
- Finance cost	(4.5)	(3.6)
- Interest income on loans and investments	1.1	0.9
Factoring cost	(0.7)	(0.4)
Convertible bond interest cost	(0.5)	(0.3)
Fair value adjustments		
-Investments in non-consolidated companies	-	(0.6)
- Financial instruments	(0.2)	0.1
Exchange losses on transactions in foreign currencies		
Other	-	(0.9)
Total	**(4.8)**	**(4.8)**

25. Income tax expense

Income tax expense reported in the income statement is analyzed in the table below.

(in euro millions)	First-half 2011	First-half 2010
Current taxes	(2.9)	(2.3)
Deferred taxes	(0.1)	
Total	**(3.0)**	**(2.3)**

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 French tax rate):

NOTE 25. Impôts sur le résultat

(in euro millions)	First-half 2011	First-half 2010
Income tax expense for the period	(3.0)	(2.3)
Standard French income tax rate	33.33%	33.33%
Tax at the standard rate	(3.3)	(2.6)
Difference between income tax expense for the period and tax at the standard rate	0.3	0.3
Effect of differences in foreign tax rates	0.1	0.6
Effect of permanent differences between book profit and taxable profit	0.3	(0.7)
Change in tax assets recognized for tax losses:		
- Utilizations of tax loss carryforwards recognized in prior periods and tax losses recognized during the current period	1.3	1.1
- Losses incurred by companies that cannot utilize tax loss carryforwards	(0.7)	(0.3)
- Valuation allowance on deferred tax assets (tax loss carryforwards)	-	-
Other	(0.7)	(0.4)

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 Group reported basic earnings per share of €0.6 for first-half 2011 (net profit divided by the average number of shares outstanding).

Following the subordinated convertible bond issue, diluted earnings per share were determined by taking into account 8,715,863 potential ordinary shares at June 30, 2011 and the restatement of the interest cost on the bonds. On this basis, diluted earnings per share for the period came to €0.4.

27. Cash flows from operating activities

(in euro millions)	First-half 2011	First-half 2010
Pre-tax profit of consolidated companies	**9.8**	**7.9**
Adjustments to reconcile pre-tax profit to cash generated from operations	**4.1**	**0.7**
- Depreciation and amortization	5.2	5.5
- Provisions and pension and other post-employment benefit obligations	(1.2)	(4.4)
- Impairment of non-current assets		-
- Fair value adjustments	0.2	
- Impact of discounting	0.6	-
- Gains/(losses) on disposal of investments in non-consolidated companies and other non-current assets	(0.7)	(0.5)
- Other		0.1
Income tax paid	**(2.7)**	**(0.1)**
Cash generated by operations	**11.2**	**8.5**

28. Commitments and contingencies

28.1 Commercial commitments

At June 30, 2011, Chargeurs and its subsidiaries did not have any commercial commitments.

28.2 Guarantees

At June 30, 2011, Chargeurs and its subsidiaries had given guarantees for a total of €0.2 million.

28.3 Collateral

At June 30, 2011, the Group had a financing facility secured by pledge on inventories for €0.6 million and on a factoring retainer deposit for €4.1 million.

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 euro millions)	June 30, 2011	December 31, 2010
Due in less than one year	4.6	4.6
Due in one to five years	10.8	13.1
Due in more than five years	-	-
Total	15.4	17.7

28.5 Other risks

a) Legal risks

In February and March 2010, the Company was summoned on several occasions to appear before the French Employment Tribunal due to claims lodged by individuals previously employed and dismissed by companies in which the Company held an indirect interest. The total amount of these claims represented around €5.5 million. Although they were dismissed by the Employment Tribunal, in November 2010, the former employees made a new claim against the Company on the same grounds, but for double the amount.

In first-half 2011, new claims were made against the Company on the same grounds for an additional amount of about €0.8 million.

The Company continues to consider that these claims are totally without merit.

b) Customs risks

In early February 2011, a Group subsidiary received a restatement for €0.84 million of taxes, corresponding to domestic energy consumption tax for the years 2007 to 2010. The claim was formally contested on April 11.

29. Related party transactions

Transactions with associates

In first-half 2011, transactions with associates primarily concerned purchases from and sales to the Chinese company, Ningbo Lailong Bertero Interlining. These transactions was recognized by Chargeurs Interlining under cost of sales in an amount of €9.2 million.

30. Information by business segment

Profits and losses by business segment were as follows for the first half of 2011:

First-half 2011 *(in euro millions)*	**Chargeurs Protective Films**	**Chargeurs Interlining**	**Chargeurs Wool**	**Non-operating**	**Consolidated**
Revenue	**94,8**	**99,1**	**96,8**		**290,7**
Operating profit	6,4	5,8	3,7	(1,3)	14,6
Finance costs					(4,8)
Share of profits of associates					0,7
Pre-tax profit for the period					**10,5**
Income tax expense					(3,0)
Loss from discontinued operations					(0,2)
Profit for the period					**7,3**

Profits and losses by business segment were as follows for the first half of 2010:

First-half 2010 *(in euro millions)*	**Chargeurs Protective Films**	**Chargeurs Interlining**	**Chargeurs Wool**	**Non-operating**	**Consolidated**
Revenue	**88.0**	**91.7**	**76.2**		**255.9**
Operating profit	5.7	5.7	2.5	(1.2)	12.7
Finance costs					(4.8)
Share of profits of associates					1.3
Pre-tax profit for the period					**9.2**
Income tax expense					(2.3)
Loss from discontinued operations					(0.1)
Profit for the period					**6.8**

Additional information concerning the first half of 2011:

First-half 2011 *(in euro millions)*	**Chargeurs Protective Films**	**Chargeurs Interlining**	**Chargeurs Wool**	**Non-operating**	**Consolidated**
Depreciation	(1.3)	(2.8)	(0.9)		(5.0)
Impairment losses:					
- On goodwill					
- On property, plant and equipment					
Impairment losses:					
- On inventories	(0.6)	(0.8)			(1.4)
- On trade receivables		2.9			2.9

Additional information concerning the first half of 2010:

First-half 2010 *(in euro millions)*	**Chargeurs Protective Films**	**Chargeurs Interlining**	**Chargeurs Wool**	**Non-operating**	**Consolidated**
Depreciation	(1.4)	(3.0)	(0.8)		(5.2)
Impairment losses:					
- On goodwill					
- On property, plant and equipment					
Impairment losses:					
- On inventories	(0.7)	(0.4)	(0.7)		(1.8)
- On trade receivables	(0.1)	0.1			

Segment assets and liabilities at June 30, 2011

	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets (a)	134.5	172.7	120.4	8.8	436.4
Liabilities (b)	69.8	69.8	57.1	(5.4)	191.3
Capital employed	64.7	102.9	63.3	14.2	245.1
Purchases of assets	0.8	1.3	0.2		2.3

(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, 2010

	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets (a)	124.3	174.8	115.6	8.1	422.8
Liabilities (b)	59.2	66.6	59.0	(5.3)	179.5
Capital employed	65.1	108.2	56.6	13.4	243.3
Purchases of assets	2.4	3.6	1.1		7.1

(a) Excluding cash and cash equivalents
(b) 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.

32. Subsequent events

No significant events have occurred since June 30, 2011.

CHARGEURS

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 2011. 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 2011, there were no material changes in the nature and volume of related party transactions.

August 26, 2011

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, 2011 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the consolidated companies, 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 26, 2011

Eduardo Malone
Chairman and Chief Executive Officer

PricewaterhouseCoopers Audit 63, rue de Villiers 92908 Neuilly-sur-Seine Cedex	S & W Associés 8, avenue du Président Wilson 75116 Paris

Statutory Auditors' Review Report
on the 2011 Interim Financial Information

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.

To the Shareholders,
CHARGEURS
29-31, rue Washington
75008 Paris

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 French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Chargeurs, for the six months ended June 30th, 2011;
- the verification of the information contained in the interim management report.

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

1. Conclusion on the financial statements

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

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

2. Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris, August 26th, 2011
The Statutory Auditors

PricewaterhouseCoopers Audit	S & W Associés
Gérard Morin	Maryse Le Goff