CHARGEURS

Interim Financial Report
2017

CONTENT

The Interim Financial Report 2017 is a translation from the original, which was prepared in French. In all matters of interpretation of information, views or opinions expressed therein, the original language version of the report takes precedence over this translation.

AN EXCELLENT PERFORMANCE AND STRONG CASH GENERATION FOR CHARGEURS IN FIRST-HALF 2017

CHARGEURS

"A WORLD OF" NICHE MARKET LEADERS

PRESS RELEASE

Paris – September 7, 2017

- **Recurring operating profit up 15.8% and net cash from operating activities up 87.1% year on year**
- **Interim dividend of €0.25, up 25.0%, with a reinvestment option**
- **Game Changer – a new-generation acceleration plan to further enhance the Group's performance over the long term**

Michaël Fribourg, Chargeur's Chairman and Chief Executive Officer, said: "We are continuing to successfully build on the new Chargeurs Group to secure its place amongst the world leaders in high value-added niche businesses and double its size over the next five years. Our excellent results for the first half of 2017 clearly illustrate the success of the Chargeurs Business Standards. The period saw solid cash generation and a further acceleration in the Group's growth trajectory compared with first-half 2016 when performance had already moved up a gear. And to support the acceleration in our business development strategy, we are putting in place a new-generation plan to optimize our operations that we have called Game Changer."

The consolidated financial statements for the six months ended June 30, 2017 were approved by Chargeurs' Board of Directors at a meeting held on September 6, 2017 chaired by Michaël Fribourg.

SHARP INCREASE IN CONSOLIDATED RESULTS

(€m)	**H1 2017**	H1 2016	Change	
Revenue	**281.8**	253.5	+28.3	+11.2%
Like-for-like change (%)				*+5.4%*
EBITDA	**29.1**	25.3	+3.8	+15.0%
as a % of revenue	***10.3%***	*10.0%*		
Recurring operating profit	**23.5**	20.3	+3.2	+15.8%
as a % of revenue	***8.3%***	*8.0%*		
Attributable net profit	**13.9**	13.1	+0.8	+6.1%

Another period of robust like-for-like growth

Revenue for the six months ended June 30, 2017 was up 5.4% like-for-like compared with the first half of 2016. The main growth drivers were higher sales volumes and a further improvement in the product mix, notably for the Protective Films (CPF) division. Changes in exchange rates added 0.9% to revenue – reflecting the positive impact of the New Zealand dollar and US dollar – and changes in the scope of consolidation had a 4.9% favorable effect as a result of the July 2016 acquisition of Main Tape (CPF).

The "Performance, Discipline, Ambition" Plan added an additional €2.2 million to EBITDA in first-half 2017.

The Group's operating performance in the six months ended June 30, 2017 continued its steady upward trajectory. The year-on-year increase in recurring operating profit was 15.8% – almost three times higher than sales growth for the period – and this in turn fueled an 87.1% jump in net cash from operating activities, demonstrating the success of the Chargeurs Business Standards.

Stepping up our five-year goals

During the first half of 2017 the Group decided to put in place an acceleration plan ("Game Changer"), which takes over from the "Performance, Discipline, Ambition" plan and brings together all of the Group's teams worldwide at all levels of operations. The underlying aim is to help the Group reach its objective of doubling profitable revenue within the space of five years, subject to macro-economic conditions remaining constant.

Through the new Game Changer plan, Chargeurs intends to increase its measures to enhance operating performance, focusing on four main areas:

- ***Sales & Marketing***: Chargeurs intends to give its various businesses new marketing tools to help them stand out and build even stronger customer relations, which will in turn consolidate their sales forces.
- ***Smart & Advanced Manufacturing***: the Group is taking pro-active steps to improve the performance of its production assets and is working determinedly towards reducing non-quality rates and production costs.
- ***Distinctive Innovation***: the Group is acting ahead of anticipated changes in its markets, increasing its innovation capacity by accelerating the development of game-changing products and extending its offerings to related markets.
- ***Talent Management***: as human capital is one of the cornerstones of Chargeurs' distinctive business model, the Group plans to continue streamlining its organizational structure and to set up new talent development programs – the "Excellence Training Program" and "Young & Executive Programs".

ANALYSIS BY BUSINESS SEGMENT

Chargeurs Protective Films: faster like-for-like and acquisition-led growth

(€m)	**H1 2017**	H1 2016	Change	
Revenue	**143.3**	120.5	+22.8	+18.9%
Like-for-like change (%)				*+8.7%*
EBITDA	**21.4**	16.5	+4.9	+29.7%
as a % of revenue	***14.9%***	*13.7%*		
Recurring operating profit	**18.2**	14.0	+4.2	+30.0%
as a % of revenue	***12.7%***	*11.6%*		

First-half 2017 revenue reported by Chargeurs Protective Films (CPF) came to €143.3 million, representing an increase of 18.9% as reported and 8.7% like-for-like compared with the year-earlier period. The continued brisk pace of like-for-like growth was driven by record-high sales volumes and a better product mix.

CPF achieved a solid operating performance, which resulted in an increase of the recurring operating profit by 30.0% to €18.2 million from €14.0 million in first-half 2016, and propelled its recurring operating margin to above 12%.

The integration of Main Tape, acquired in July 2016, is continuing as planned and has strengthened CPF's production capacity in the US dollar zone as well as substantially raising the high tech content of the division's products to cement its future.

Chargeurs Fashion Technologies: another solid performance despite an unfavorable basis of comparison

(€m)	**H1 2017**	H1 2016	Change	
Revenue	**67.8**	68.9	-1.1	-1.6%
Like-for-like change (%)				*-2.8%*
EBITDA	**5.8**	6.5	-0.7	-10.8%
as a % of revenue	***8.6%***	*9.4%*		
Recurring operating profit	**4.0**	4.5	-0.5	-11.1%
as a % of revenue	***5.9%***	*6.5%*		

Notching up revenue of €67.8 million, Chargeurs Fashion Technologies (CFT) turned in a solid performance for the period despite an unfavorable basis of comparison with first-half 2016 caused by a return to more normal delivery schedules compared with 2016 when sales for the winter season began earlier than usual.

The first six months of 2017 confirmed the division’s strong operating performance, with operating margin maintained at a high 5.9%, the same as in the second half of 2016, despite the return to more normal delivery schedules during first-half 2017. For the purpose of comparison, operating margin for the first six months of 2016 surged to 6.5% from 3.5% in first-half 2015, thanks to the measures taken to streamline operations and a favorable currency and calendar effect. The operating margin for the first half of 2017, which is in line with the second half of 2016, is proof of the strength of the business line's recovery. At the same time, CFT's **operating profit advanced 29% year on year**, increasing to €4.0 million over the period from €3.1 million for the first half of 2016 and marking the completion of the division's restructuring plan.

In line with its strategy to move upmarket, CFT stepped up its capital spending in first-half 2017, opening a showroom in New York and introducing new marketing tools aimed at improving the division's knowledge of its increasingly prestigious clientele.

Chargeurs Technical Substrates: another buoyant performance

(€m)	**H1 2017**	H1 2016	Change	
Revenue	**12.5**	11.6	+0.9	+7.8%
Like-for-like change (%)				*+7.8%*
EBITDA	**2.3**	2.3	-	-
as a % of revenue	***18.4%***	*19.8%*		
Recurring operating profit	**1.8**	1.8	-	-
as a % of revenue	***14.4%***	*15.5%*		

First-half 2017 was another period of strong growth for Chargeurs Technical Substrates (CTS), with the 7.8% year on year increase in revenue led by the gradual ramp-up of the division's new 5-meter coating line (launched in late 2015) and the successful start for its new CEO, Patrick Bonnefond.

CTS incurred a significant level of capital expenditure during the period with a view to extending the geographic reach of its commercial activities and creating more diversified, state-of-the-art products for the high-growth technical fabrics market, such as the Sublimis range which will be launched by early 2018.

As well as increasing its operating and capacity costs to prepare for the future, CTS was able to maintain its strong profitability and posted €1.8 million in operating profit for the six months ended June 30, 2017.

Chargeurs Luxury Materials: gradual ramp-up of the new business model

(€m)	**H1 2017**	H1 2016	Change	
Revenue	**58.2**	52.5	+5.7	+10.9%
Like-for-like change (%)				*+7.8%*
EBITDA	**1.7**	1.8	-0.1	-5.6%
as a % of revenue	***2.9%***	*3.4%*		
Recurring operating profit	**1.7**	1.8	-0.1	-5.6%
as a % of revenue	***2.9%***	*3.4%*		

Chargeurs Luxury Materials (CLM) generated revenue of €58.2 million in first-half 2017, an increase of 7.8% like-for-like on the first half of 2016 that was primarily driven by a volume effect and by the increase in wool prices. The division also benefited from a positive currency effect from the New Zealand dollar.

CLM's recurring operating profit came in at €1.7 million, which is consistent with the prudent model adopted by the Group for this division that has no open foreign exchange positions to protect it from volatility in the prices of fibers.

The division's operating margin was in line with Group expectations and notably reflects the operating investment required to meet increasingly sophisticated supply-chain requirements as well as the move towards the higher end of the market. CLM's high quality, traceable and durable fibers have properties that will enable the Group to progressively market its products at a premium to major customers in the luxury and sportswear markets worldwide.

FINANCIAL POSITION AT JUNE 30, 2017

Chargeurs still has a robust financial position with consolidated equity (excluding non-controlling interests) amounting to €227.9 million at June 30, 2017 versus €227.3 million at December 31, 2016.

Thanks to the 87.1% jump in net cash from operating activities during the six months ended June 30, 2017, the Group ended the period with a net cash position of €9.3 million compared with €3.2 million at December 31, 2016. This was achieved despite a sustained level of investment to support its expansion (capex, innovation, acquisitions) and a €3.6 million cash outflow in May 2017 for the payment of the balance of the 2016 dividend.

During the first half of 2017 the Group further optimized its balance sheet structure and financial resources by carrying out a Euro PP involving 8-year and 10-year financing on May 30, 2017. This financing – the first in the Group's history to have such a long maturity – was raised as part of the Group's overall development strategy and is repayable at maturity. In tandem, the Group extended the average maturity of its existing borrowings, which also helped improve the profile of its debt.

As a result of its increased financial headroom the Group is confident that it will have the financing it needs to meet the ambitious targets set by Management.

INTERIM DIVIDEND

Due to the Group's faster pace of growth in the first half of 2017, the Board of Directors has decided to pay an interim dividend of €0.25 per share – up 25.0% on the interim dividend paid in September 2016 – with the option to reinvest the interim dividend in Chargeurs shares.

The payment timeline for the interim dividend is:

- Ex-dividend date and start of dividend reinvestment option period: September 13, 2017
- End of reinvestment option period: September 21, 2017
- Announcement of the number of options exercised: September 27, 2017
- Delivery of shares and payment of cash interim dividend September 29, 2017

SUBSEQUENT EVENT

On August 31, 2017, Chargeurs announced that it had signed an agreement to acquire Omma, Italy's leading manufacturer of application, laminating, gluing and coating machines for four key markets: the automotive industry, metals, composites and wood. Omma's annual revenue totals close to €6 million, of which more than 80% is generated outside Italy.

This transaction is the next step in Chargeurs' growth strategy following on from the acquisition in early 2017 of Walco and Somerra – the market leaders in the United States and France respectively – and illustrates the new international leadership position of Chargeurs and its Protective Films business in the specialized market of coating application machines.

OUTLOOK

The Group's first-half 2017 results once again demonstrate its excellent fundamentals in a persistently volatile global economic environment.

Chargeurs is standing by its full-year guidance, namely that it will achieve an increase in recurring operating profit and a high level of net cash from operating activities, thanks to the launch of its Game Changer acceleration plan.

The Group is also standing by its long-term objective of reaching €1 billion in revenue within five years (subject to macro-economic conditions remaining constant), with higher operating margins for all of its existing and future businesses.

SHARE BUYBACK PROGRAM

In view of its excellent showing in first-half 2017 and the confidence it has in its performance for full-year 2017, Chargeurs has decided to launch a share buyback program, which will be carried out via an investment services provider. This provider will be authorized to purchase Chargeurs shares (depending on market conditions) for up to €12 million.

The program, which will run until September 7, 2018, falls within the scope of the program authorized by shareholders at the AGM of April 20, 2017 to buy back Chargeurs shares representing up to 10% of the Company's capital for a maximum price of €30 per share every 24 months.

Appendices – Definitions

Like-for-like growth: determined by excluding the effects of changes in the scope of consolidation and fluctuations in exchange rates. The effect of fluctuations in exchange rates is calculated by converting current period figures using the prior period exchange rate.

Operating margin: recurring operating profit.

Net cash from operating activities: Net cash from operations = Cash flow + Dividends received from equity-accounted investees + Change in working capital (excl. currency effect).

2017 Financial Calendar

Thursday, November 14, 2017 (after the close of trading)	Third-quarter 2017 financial information

ABOUT CHARGEURS

Chargeurs is a global manufacturing and services group with leading positions in four segments: temporary surface protection, garment interlinings, technical substrates and combed wool.

It has over 1,500 employees based in 34 countries on five continents, who serve a diversified customer base spanning more than 70 countries.

In 2016, revenue totaled more than €500 million, of which over 90% was generated outside France.

CONTACT

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CHARGEURS

CONSOLIDATED FINANCIAL STATEMENTS

Six months ended June 30, 2017

Consolidated Income Statement *(in euro millions)*

	Note	Six months ended June 30 2017	2016
Revenue	4	**281.8**	**253.5**
Cost of sales		(210.0)	(188.3)
Gross profit		**71.8**	**65.2**
Distribution costs		(28.7)	(26.7)
Administrative expenses		(17.7)	(16.5)
Research and development costs		(1.9)	(1.7)
Recurring operating profit		**23.5**	**20.3**
Other operating income	5	0.1	-
Other operating expense	5	(3.1)	(2.7)
Operating profit		**20.5**	**17.6**
Finance costs, net		(2.8)	(1.6)
Other financial expense		(1.0)	(0.9)
Other financial income		-	4.1
Net financial expense	7	**(3.8)**	**1.6**
Share of profit/(loss) of equity-accounted investees	13	(0.5)	(2.3)
Pre-tax profit for the period*(*)*		**16.2**	**16.9**
Income tax expense	8	(2.3)	(3.8)
Profit from continuing operations*(*)*		**13.9**	**13.1**
Profit for the period		**13.9**	**13.1**
Attributable to owners of the parent		**13.9**	**13.1**
Attributable to non-controlling interests		-	-
Earnings per share *(in euros)*	9	0.60	0.57
Diluted earnings per share *(in euros)*	9	0.60	0.57

(*) Profit for the period ended June 30, 2016 included a €2.0 million net gain related to the Group's withdrawal from the Yak joint ventures, breaking down as €3.7 million in financial income (see note 7) and a €1.7 million expense recorded in "Share of profit/(loss) of equity-accounted investees" (see note 13).

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

	Note	Six months ended June 30 2017	2016
Profit for the period		**13.9**	**13.1**
Exchange differences on translating foreign operations		(10.0)	(9.7)
Cash flow hedges		0.6	(1.0)
Total items that may be reclassified subsequently to profit or loss		**(9.4)**	**(10.7)**
Other components of other comprehensive income		(0.1)	(0.1)
Actuarial gains and losses on post-employment benefit obligations	16	0.1	(1.9)
Total items that will not be reclassified to profit or loss		**0.0**	**(2.0)**
Other comprehensive income for the period, net of tax		**(9.4)**	**(12.7)**
Total comprehensive income for the period		**4.5**	**0.4**
Attributable to:			
Owners of the parent		4.5	1.6
Non-controlling interests		-	(1.2)

The accompanying notes are an integral part of the consolidated financial statements.

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

		Six months ended June 30	
Assets	**Note**	**2017**	**2016**
Non-current assets			
Intangible assets	10	86.1	92.1
Property, plant and equipment	11	59.7	61.8
Investments in associates and joint ventures	13	12.6	14.9
Deferred tax assets	8	29.9	29.0
Non-current financial assets		5.5	2.4
Other non-current assets		0.5	0.5
		194.3	**200.7**
Current assets			
Inventories and work-in-progress	14	96.7	105.4
Trade receivables	14	58.1	47.3
Factored receivables (*)		54.5	50.7
Derivative financial instruments	14	1.2	0.5
Other receivables	14	26.7	23.0
Current income tax receivables	14	1.6	2.2
Cash and cash equivalents	15	201.5	161.5
		440.3	**390.6**
Total assets		**634.6**	**591.3**

Equity and liabilities		**2017**	**2016**
Attributable to owners of the parent	9	227.9	227.3
Total equity		**227.9**	**227.3**
Non-current liabilities			
Long-term borrowings	15	169.2	133.1
Pension and other post-employment benefit obligations	16	16.5	16.7
Provisions	17	0.5	0.5
Other non-current liabilities	18	3.1	3.1
		189.3	**153.4**
Current liabilities			
Trade payables	14	99.0	91.3
Other payables	14	37.9	39.7
Factoring liabilities (*)		54.5	50.7
Current income tax liability	14	2.5	1.9
Derivative financial instruments	14	0.5	1.8
Short-term portion of long-term borrowings	15	7.8	8.1
Short-term bank loans and overdrafts	15	15.2	17.1
		217.4	**210.6**
Total equity and liabilities		**634.6**	**591.3**

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

The accompanying notes are an integral part of the consolidated financial statements.

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

	Note	Six months ended June 30 2017	2016
Cash flows from operating activities			
Pre-tax profit of consolidated companies[(1)]		16.7	19.2
Adjustments to reconcile pre-tax profit to cash generated from operations		7.2	2.2
- Depreciation and amortization expense	10 & 11	*5.6*	*5.0*
- Provisions and pension and other post-employment benefit obligations		*(0.1)*	*(0.3)*
- Impairment of non-current assets		*(0.1)*	*0.6*
- Fair value adjustments		*0.6*	*0.1*
- Impact of discounting		*0.1*	*0.2*
- (Gains)/losses on sales of investments in non-consolidated companies and other non-current assets		-	*(3.8)*
- Exchange (gains)/losses on foreign currency receivables and payables		*1.1*	*0.4*
Income tax paid		(2.4)	(2.3)
Cash generated by operations		**21.5**	**19.1**
Dividends from equity-accounted companies	13	0.8	0.3
Change in operating working capital	14	(4.9)	(10.1)
Net cash from operating activities		**17.4**	**9.3**
Cash flows from investing activities			
Purchases of intangible assets	10	(0.2)	(0.3)
Purchases of property, plant and equipment	11	(4.8)	(6.1)
Purchases of non-current financial assets[(2)]		(3.0)	-
Proceeds from sales of intangible assets and property, plant and equipment		0.6	0.1
Impact of changes in scope of consolidation		-	(0.9)
Other movements		(0.2)	0.2
Net cash from/(used in) investing activities		**(7.6)**	**(7.0)**
Cash flows from financing activities			
Dividends paid to owners of the parent		(3.6)	(6.9)
(Purchases)/sales of treasury stock		(0.3)	-
Proceeds from new borrowings	15	40.0	57.2
Repayments of borrowings	15	(4.1)	(3.3)
Change in bank overdrafts	15	(0.9)	2.4
Other movements	18	-	(1.0)
Net cash from/(used in) financing activities		**31.1**	**48.4**
Increase (decrease) in cash and cash equivalents		**40.9**	**50.7**
Cash and cash equivalents at beginning of period	15	161.5	97.7
Effect of changes in foreign exchange rates on cash and cash equivalents		(0.9)	(0.2)
Cash and cash equivalents at end of period	**15**	**201.5**	**148.2**

(1) "Pre-tax profit of consolidated companies" for the six months ended June 30, 2016 included €5.4 million related to the Group's withdrawal from the Yak joint ventures.

(2) The €3.0 million recorded under this item for first-half 2017 primarily relates to acquisitions of interests in Walco Machines (United States) and Asidium Somerra (France) (see note 1.3).

The accompanying notes are an integral part of the 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	Actuarial gains and losses on post-employment benefit obligations	Treasury stock	**Total equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
At December 31, 2015	**3.7**	**53.0**	**146.2**	**21.4**	**0.3**	**(5.1)**	**(0.2)**	**219.3**	**3.1**	**222.4**
Payment of dividends			(6.9)					(6.9)		(6.9)
Profit for the period			13.1					13.1		13.1
Effect of changes in scope of consolidation								-	(1.9)	(1.9)
Other comprehensive income for the period			(0.1)	(8.5)	(1.0)	(1.9)		(11.5)	(1.2)	(12.7)
At June 30, 2016	**3.7**	**53.0**	**152.3**	**12.9**	**(0.7)**	**(7.0)**	**(0.2)**	**214.0**	**-**	**214.0**
At December 31, 2016	**3.7**	**53.0**	**159.9**	**18.1**	**(0.4)**	**(6.8)**	**(0.2)**	**227.3**	**-**	**227.3**
Issue of share capital(*)		4.4						4.4		4.4
Changes in treasury stock							(0.3)	(0.3)		(0.3)
Payment of dividends(*)			(8.0)					(8.0)		(8.0)
Profit for the period			13.9					13.9		13.9
Other comprehensive income for the period			(0.1)	(10.0)	0.6	0.1		(9.4)		(9.4)
At June 30, 2017	**3.7**	**57.4**	**165.7**	**8.1**	**0.2**	**(6.7)**	**(0.5)**	**227.9**	**-**	**227.9**

(*) Of which €3.6 million paid in cash and €4.4 million in shares.

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Income Statement

Notes to the Consolidated Statement of Financial Position

Notes to the Additional Information

Chargeurs and its subsidiaries (the Chargeurs Group) are organized around four business lines:

- ***Chargeurs Protective Films*** develops, manufactures and markets technical solutions to protect steel, aluminum, plastic and other surfaces during the production process.
- ***Chargeurs Fashion Technologies*** manufactures and markets garment interlinings.
- ***Chargeurs Technical Substrates*** develops, manufactures and markets functionalized coated technical substrates.
- ***Chargeurs Luxury Materials*** manufactures and markets premium wool tops.

Chargeurs is a *société anonyme* governed by the laws of France. Its headquarters are located at 112 avenue Kléber, 75016 Paris, France.

Chargeurs shares are listed on Euronext Paris.

The consolidated financial statements for the six months ended June 30, 2017 were approved by the Board of Directors on September 6, 2017.

1 Significant events of the period

1.1 Euro private placement (Euro PP)

In line with its overall development strategy, during first-half 2017 the Chargeurs Group further optimized its balance sheet structure and long-term financial resources by carrying out a new Euro PP, raising a total of €50 million, repayable at maturity, to be used for general corporate purposes. The Euro PP comprises:

- a €40 million 8-year private placement notes issue underwritten in particular by AG2R La Mondiale and Suravenir (drawn down at June 30, 2017); and
- a €10 million 10-year bank loan, provided and arranged by Bank of China Limited (not drawn down at June 30, 2017).

1.2 Credit facilities

During the first half of 2017, Chargeurs obtained two new 5-year confirmed credit facilities for a total of €13.0 million, neither of which had been drawn down at June 30, 2017.

1.3 Acquisitions

Also during the period, Chargeurs acquired the entire capital of US-based Walco Machines and a 70% stake in Asidium Somerra (based in France). These two innovative niche companies specialize in the design and manufacture of machinery used to apply temporary surface protection films. Both investments were recorded under financial assets at June 30, 2017 in view of their recent acquisition dates.

2 Summary of significant accounting policies

2.1 Basis of preparation

The first-half 2017 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. These standards can be downloaded from the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm#adopted-commission). They have been prepared in accordance with IAS 34, Interim Financial Reporting, and therefore do not contain all of the information and disclosures required in annual consolidated financial statements. Consequently, they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2016.

The consolidated financial statements have been prepared under 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 the highest degree of judgment or estimation complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.2 List of new, revised and amended standards and interpretations

2.2.1 New standards, interpretations and amendments to existing standards whose application was mandatory in the period ended June 30, 2017

Adopted by the European Union: None

Not yet adopted by the European Union:

- Amendments to IAS 7 – Disclosure Initiative (early adopted by the Group at December 31, 2016)
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

2.2.2 New standards, interpretations and amendments to existing standards applicable in future periods and not early adopted by the Group

Adopted by the European Union:

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers

The Group is currently finalizing its analyses of the impacts of these standards.

Not yet adopted by the European Union:

- Clarifications to IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions
- Annual Improvements to IFRSs 2014-2016 Cycle
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration
- Amendments to IFRS 4 – Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts
- Amendments to IAS 40 – Transfers of Investment Property
- IFRIC 23 – Uncertainty over Income Tax Treatments

3 Critical accounting estimates and judgments

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.

3.1.1 Impairment of goodwill

Goodwill is tested for impairment on an annual basis as described in note 2.10 to the 2016 consolidated financial statements. The recoverable amounts of cash-generating units (CGUs) are determined based on calculations of value in use, which require the use of estimates (see note 10).

3.1.2 Income tax expense

Deferred tax assets are recognized for tax loss carryforwards only if it is considered probable that there will be sufficient future taxable profit against which the loss can be utilized.

Deferred tax assets arising from tax loss carryforwards and deductible temporary differences are assessed based on taxable profit projections over a period of five years for all tax jurisdictions.

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 statement of financial position and to record a liability for the amount of the cash proceeds received.

The receivables are covered by credit insurance, with the Chargeurs Group entities only retaining risks relating to foreign exchange, dilution and payment delays.

The presentation of these items in the consolidated financial statements has remained unchanged since 2005, but may change in the future if there are any amendments to contracts or changes in sale procedures.

4 Segment reporting

4.1 Information by operating segment

Chargeurs analyzes its business based on four operating segments.

4.1.1 Income statement by operating segment

Six months ended June 30, 2017 *(in euro millions)*	Chargeurs Protective Films(**)	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**143.3**	**67.8**	**12.5**	**58.2**		**-**	**281.8**
EBITDA	**21.4**	**5.8**	**2.3**	**1.7**	**(2.1)**	**-**	**29.1**
Depreciation and amortization	(3.2)	(1.8)	(0.5)	-	(0.1)	-	(5.6)
Recurring operating profit	**18.2**	**4.0**	**1.8**	**1.7**	**(2.2)**	**-**	**23.5**
Other operating income and expense (*) (note 5)	(0.9)	-	(0.2)	(0.1)	(1.8)		(3.0)
Operating profit/(loss)	**17.3**	**4.0**	**1.6**	**1.6**	**(4.0)**	**-**	**20.5**
Net financial expense							(3.8)
Share of profit/(loss) of equity-accounted investees							(0.5)
Pre-tax profit for the period							**16.2**
Income tax expense							(2.3)
Profit from continuing operations							**13.9**
Profit for the period							**13.9**

(*) This line notably includes costs incurred in connection with:
- the Group's business development and growth programs; and
- the departure of Group executives, including no-compete indemnities paid in accordance with Group practice.

(**) The year-on-year increase in Chargeurs Protective Films' revenue includes a €12.3 million impact arising from changes in scope of consolidation following the acquisition of Main Tape, which has been consolidated since the second half of 2016.

Six months ended June 30, 2016 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**120.5**	**68.9**	**11.6**	**52.5**	**-**	-	**253.5**
EBITDA	**16.5**	**6.5**	**2.3**	**1.8**	**(1.8)**	-	**25.3**
Depreciation and amortization	(2.5)	(2.0)	(0.5)	-	-	-	(5.0)
Recurring operating profit	**14.0**	**4.5**	**1.8**	**1.8**	**(1.8)**	**-**	**20.3**
Other operating income and expense (note 5)	(0.7)	(1.4)	-	-	(0.6)	-	(2.7)
Operating profit	**13.3**	**3.1**	**1.8**	**1.8**	**(2.4)**	**-**	**17.6**
Net financial expense							1.6
Share of profit/(loss) of equity-accounted investees							(2.3)
Pre-tax profit for the period							**16.9**
Income tax expense							(3.8)
Profit from continuing operations							**13.1**
Profit for the period							**13.1**

4.1.2 Assets and liabilities by operating segment

Six months ended June 30, 2017 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Total
Assets(1)	183.1	93.2	25.7	49.0	27.5	378.5
Liabilities(2)	85.9	35.5	7.8	23.9	7.2	160.0
Capital employed	**97.2**	**57.7**	**17.9**	**25.1**	**20.3**	218.5
Capital expenditure during the period	2.9	1.9	0.1	-	0.1	5.0

At December 31, 2016 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Total
Assets(1)	180.8	94.1	24.0	55.1	25.1	379.1
Liabilities(2)	80.0	35.1	8.5	24.6	6.8	155.0
Capital employed	**100.8**	**59.0**	**15.5**	**30.5**	**18.3**	224.1
Capital expenditure during the period	7.5	3.8	0.6	-	-	11.9

(1) Assets other than cash and cash equivalents and factored receivables.
(2) Excluding equity attributable to owners of the parent, borrowings (long-term borrowings, short-term portion of long-term borrowings and short-term bank loans and overdrafts) and factoring liabilities.

4.1.3 Additional information

Six months ended June 30, 2017 (in euro millions)	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Consolidated
Depreciation of property, plant and equipment	(3.1)	(1.7)	(0.5)	-	-	(5.3)
Impairment (note 5):						
- Property, plant and equipment	-	-	0.1	-	-	0.1
Impairment:						
- Inventories	(1.6)	(0.8)	-	-	-	(2.4)
- Trade receivables	-	(0.2)	-	-	-	(0.2)
Restructuring costs (note 5)	-	-	-	-	-	-

Six months ended June 30, 2016 (in euro millions)	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Consolidated
Depreciation of property, plant and equipment	(2.4)	(1.8)	(0.5)	-	-	(4.7)
Impairment (note 5):						
- Property, plant and equipment	-	(0.6)	-	-	-	(0.6)
Impairment:						
- Inventories	(1.7)	(0.2)	(0.1)	-	-	(2.0)
- Trade receivables	0.1	-	-	-	-	0.1
Restructuring costs (note 5)	-	(0.8)	-	-	(0.4)	(1.2)

4.2 Information by geographical area

The Group generates over 90% of its revenue outside France.

In the table below, revenue is analyzed by customer location.

	Six months ended June 30			
(in euro millions)	2017		2016	
Europe	134.4	48%	131.2	52%
Asia-Pacific and Africa	72.0	25%	63.3	25%
Americas	75.4	27%	59.0	23%
Total	**281.8**	**100%**	**253.5**	**100%**

The main countries where the Group's customers are located are the following:

(in euro millions)	2017	2016
United States	55.1	44.1
Italy	36.4	41.0
China and Hong Kong	26.2	23.3
Germany	25.4	23.2
France	20.5	19.9
Top 5 countries	**163.6**	**151.5**
Other countries	118.2	102.0
Total	**281.8**	**253.5**

5 Other operating income and expense

Other operating income and expense can be analyzed as follows:

	Six months ended June 30	
(in euro millions)	2017	2016
Restructuring costs(1)	-	(1.2)
Impairment of non-current assets	0.1	(0.6)
Acquisition-related expenses(2)	(0.8)	-
Other(3)	(2.3)	(0.9)
Total	**(3.0)**	**(2.7)**

(1) Restructuring costs in first-half 2016 were incurred mainly by the Fashion Technologies division and in the holding companies.
(2) Acquisition-related expenses correspond to costs incurred in connection with the Group's business development and growth programs.
(3) For first-half 2017, the line "Other" notably corresponds to costs incurred in connection with the departure of Group executives, including no-compete indemnities paid in accordance with Group practice (see note 4.1.1).

6 Number of employees and payroll costs

6.1 Number of employees

The average number of employees of fully consolidated subsidiaries was as follows in first-half 2017 and 2016:

	Six months ended June 30	
	2017	2016
Employees in France	542	521
Employees outside France	973	950
Total employees	**1,515**	**1,471**

6.2 Payroll costs

	Six months ended June 30	
(in euro millions)	2017	2016
Wages and salaries	28.7	26.1
Payroll taxes	12.4	10.6
Discretionary profit sharing	1.7	1.5
Total	**42.8**	**38.2**

7 Financial income and expense

	Six months ended June 30	
(in euro millions)	2017	2016
- Finance costs(1)	(3.0)	(1.8)
- Interest income on loans and investments	0.2	0.2
Cost of net debt	**(2.8)**	**(1.6)**
Factoring cost	**(0.4)**	**(0.4)**
- Effect of changes in scope of consolidation(2)	-	3.7
- Interest expense on employee benefit obligations	(0.1)	(0.1)
- Discounting adjustments to debt	-	(0.1)
- Exchange gains and losses on foreign currency receivables and payables	(0.3)	0.1
- Fair value adjustments to financial instruments	(0.2)	(0.1)
- Other	-	0.1
Other financial income and expenses	**(0.6)**	**3.6**
Finance costs and other financial income and expense, net	**(3.8)**	**1.6**

(1) In connection with the acceleration of its development, in the first half of 2017 the Group increased its borrowings, taking advantage of historically low interest rates (see note 15).
(2) The amount recorded under this line for first-half 2016 corresponds to the gain on the Group's withdrawal from the Yak joint ventures.

8 Income tax

8.1 Income tax expense

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

	Six months ended June 30	
(in euro millions)	2017	2016
Current taxes	(3.6)	(3.7)
Deferred taxes	1.3	(0.1)
Total	**(2.3)**	**(3.8)**

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 French tax rate):

	Six months ended June 30	
(in euro millions)	2017	2016
Pre-tax profit of consolidated companies	16.7	19.2
Standard French income tax rate	*34.43%*	*34.43%*
Tax at the standard rate	(5.7)	(6.6)
Income tax expense for the period	(2.3)	(3.8)
Difference between income tax expense for the period and tax at the standard rate	**3.4**	**2.8**
Effect of differences in foreign tax rates	0.8	0.5
Effect of permanent differences between book profit and taxable profit	0.3	1.3
Change in tax assets recognized for tax losses:		
- Reversals of valuation allowances on tax loss carryforwards recognized in prior periods(1)	1.4	-
- Utilizations of tax loss carryforwards covered by valuation allowances(2)	1.6	2.0
- Effect of unrelieved tax losses	-	(0.2)
Other	(0.7)	(0.8)
Difference between income tax expense for the period and tax at the standard rate	**3.4**	**2.8**

(1) At June 30, 2017, €1.4 million in deferred tax assets were recognized for the tax loss carryforwards of the French tax group, based on earnings forecasts for the next five years.

(2) These amounts primarily correspond to the utilization at June 30, 2017 and 2016 of the French tax group's tax loss carryforwards.

No deferred tax assets have been recognized for a significant portion of the evergreen losses of the various tax groups.

9 Earnings per share

Basic earnings per share are calculated by dividing profit from continuing operations attributable to owners of the parent by the weighted average number of shares outstanding during the period.

Basic earnings per share amounted to €0.60 for first-half 2017.

Diluted earnings per share are the same as basic earnings per share.

	Six months ended June 30	
	2017	2016
(in euro thousands)	Basic earnings per share	Basic earnings per share
From continuing operations	13.9	13.1
Weighted average number of shares	23,034,825	22,966,144
Earnings per share from continuing operations *(in euros)*	**0.60**	**0.57**

All Chargeurs SA shares have been called and are fully paid-up. Changes in the number of shares outstanding in first-half 2017 were as follows:

Shares outstanding at December 31, 2016	**22,966,144**
Shares issued in payment of the 2016 dividend balance	243,356
Shares outstanding at June 30, 2017	**23,209,500**

Based on a par value of €0.16 per share, the shares outstanding at June 30, 2017 represented issued capital of €3,713,520.

Double voting rights

Chargeurs' bylaws provide that shares registered in the name of the same owner for at least two years carry double voting rights. Consequently, in accordance with article L.225-124 of the French Commercial Code, holders of said shares are entitled to double voting rights at Chargeurs Shareholders' Meetings. At June 30, 2017, 96,553 shares carried double voting rights.

10 Intangible assets

10.1 Goodwill

10.1.1 Movements in goodwill

The table below provides a breakdown of goodwill by cash-generating unit (CGU).

(in euro millions)	Protective Films	Fashion Technologies(*)	Technical Substrates	Total
December 31, 2015	**59.1**	**6.6**	**11.0**	**76.7**
Translation adjustment	(1.1)	(0.1)	-	(1.2)
June 30, 2016	**58.0**	**6.5**	**11.0**	**75.5**
December 31, 2016	**72.5**	**6.7**	**11.0**	**90.2**
Translation adjustment	(5.5)	(0.4)	-	(5.9)
June 30, 2017	**67.0**	**6.3**	**11.0**	**84.3**

(*) The goodwill related to Etacol has been reclassified to the Fashion Technologies CGU for the periods ended December 31, 2015, June 30, 2016 and December 31, 2016 (see below).

PROTECTIVE FILMS

The Protective Films operating segment is managed on a worldwide basis to meet the needs of global customers, and is considered to represent a single CGU.

The acquisition of Main Tape in the United States in the second half of 2016 generated €10.9 million in goodwill. As Main Tape has been included in Protective Films and its acquisition is expected to generate synergies for the division as a whole, this goodwill has been accounted for in the same way as initial goodwill.

All of Chargeurs Protective Films goodwill is denominated in US dollars and the €5.5 million decrease in its carrying amount between December 31, 2016 and June 30, 2017 was due to the dollar's decline against the euro over the period.

FASHION TECHNOLOGIES

The Fashion Technologies segment also has a global management structure that is aligned with local needs. In prior periods, Etacol – a wholly-owned Chargeurs Fashion Technologies subsidiary – constituted a separate CGU. However, in light of the organizational, industrial and commercial synergies between Etacol and Chargeurs Fashion Technologies, they have been combined into a single CGU as from the first half of 2017.

A portion of Chargeurs Fashion Technologies' goodwill is denominated in Bangladesh taka and the €0.4 million decrease in its carrying amount between December 31, 2016 and June 30, 2017 was due to this currency's depreciation against the euro over the period.

TECHNICAL SUBSTRATES

The Technical Substrates operating segment comprises a single entity, Senfa. This business is monitored separately by Management in view of its development and growth outlook.

10.1.2 Goodwill impairment tests

The Group considered that it was not necessary to make any material adjustments to the assumptions used to determine the recoverable amounts of goodwill between December 31, 2016 and June 30, 2017.

Procedures were performed at June 30, 2017 to obtain assurance that there were no indications that the carrying amount of any CGUs might not be recoverable. These procedures enabled the Group to conclude that there was no evidence of impairment of any CGU or group of CGUs compared with December 31, 2016. An annual review of the carrying amounts of goodwill and other intangible assets will be performed at the year-end.

10.2 Other intangible assets

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
December 31, 2015	**0.5**	**0.1**	**0.3**	**0.9**	**1.8**
Additions	-	-	-	0.3	0.3
Amortization	-	-	-	(0.3)	(0.3)
Translation adjustment	-	-	-	(0.1)	(0.1)
June 30, 2016	**0.5**	**0.1**	**0.3**	**0.8**	**1.7**
December 31, 2016	**0.6**	**0.3**	**0.3**	**0.7**	**1.9**
Additions	-	-	-	0.2	0.2
Amortization	-	-	-	(0.3)	(0.3)
June 30, 2017	**0.6**	**0.3**	**0.3**	**0.6**	**1.8**

11 Property, plant and equipment

Movements 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, 2015	**2.6**	**10.3**	**34.2**	**4.6**	**4.2**	**55.9**
Additions	-	0.1	1.6	0.1	4.3	6.1
Depreciation	-	(0.7)	(3.8)	(0.2)	-	(4.7)
Impairment	-	-	(0.3)	(0.3)	-	(0.6)
Other	-	0.5	0.6	0.1	(1.2)	-
Translation adjustment	-	(0.2)	(0.3)	-	(0.1)	(0.6)
June 30, 2016	**2.6**	**10.0**	**32.0**	**4.3**	**7.2**	**56.1**
December 31, 2016	**2.6**	**10.0**	**40.8**	**5.0**	**3.4**	**61.8**
Additions	-	0.2	1.7	0.1	2.8	4.8
Disposals	-	-	(0.2)	-	(0.4)	(0.6)
Depreciation	-	(0.8)	(4.2)	(0.3)	-	(5.3)
Impairment	-	-	0.1	-	-	0.1
Other	-	0.1	1.1	0.6	(1.8)	-
Translation adjustment	-	(0.3)	(0.7)	-	(0.1)	(1.1)
June 30, 2017	**2.6**	**9.2**	**38.6**	**5.4**	**3.9**	**59.7**

12 Finance leases

The carrying amount of property, plant and equipment acquired under finance leases is as follows:

(in euro millions)	June 30, 2017	June 30, 2016
Land	1.2	1.2
Buildings	19.5	19.5
Plant and equipment	35.8	36.0
Fixtures, fittings and other	6.9	7.0
Gross value	**63.4**	**63.7**
Accumulated depreciation	(48.8)	(47.3)
Net value	**14.6**	**16.4**

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, 2017	June 30, 2016
Future minimum lease payments under finance leases	16.7	19.5
Finance lease liabilities	15.3	17.8
Future finance cost	**1.4**	**1.7**

Future lease payments can be analyzed by maturity as follows:

(in euro millions)	Future minimum lease payments	Finance lease liabilities
Due in less than one year	5.1	4.6
Due in one to five years	11.3	10.4
Due in more than five years	0.3	0.3
Total at June 30, 2017	**16.7**	**15.3**
Due in less than one year	5.5	4.9
Due in one to five years	13.3	12.3
Due in more than five years	0.7	0.6
Total at December 31, 2016	**19.5**	**17.8**

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 6 to 15 years and corresponds to secured debt.

13 Equity-accounted investees

13.1 Companies

All of the Group's associates and joint ventures form part of the Luxury Materials segment. The main entities concerned are as follows:

- CW Uruguay, comprising Lanas Trinidad SA and its subsidiaries.

- CW Argentina, comprising Chargeurs Wool Argentina and its subsidiary, Peinadura Rio Chubut.

- Zhangjiagang Yangtse Wool Combing Co. Ltd, comprising Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary, Yangtse (Australia) PTY Ltd.

Movements in equity-accounted investees can be analyzed as follows:

(in euro millions)	Dec. 31, 2016	Share of profit/(loss)	Dividends received	Translation adjustment	Scope changes	June 30, 2017
CW Uruguay	7.7	(0.1)	-	(0.6)	-	7.0
CW Argentina	2.3	0.1	-	(0.2)	-	2.2
Zhangjiagang Yangtse Wool Combing Co Ltd	3.4	(0.3)	-	(0.1)	-	3.0
Other companies	0.9	-	(0.8)	-	-	0.1
Total joint ventures	**14.3**	**(0.3)**	**(0.8)**	**(0.9)**	**-**	**12.3**
Wool USA	0.6	(0.2)	-	(0.1)	-	0.3
Total associates	**0.6**	**(0.2)**	**-**	**(0.1)**	**-**	**0.3**
Total equity-accounted investees	**14.9**	**(0.5)**	**(0.8)**	**(1.0)**	**-**	**12.6**

(in euro millions)	Dec. 31, 2015	Share of profit/(loss)	Dividends received	Translation adjustment	Scope changes	June 30, 2016
CW Uruguay	8.0	(0.1)	(0.3)	(0.1)	-	7.5
CW Argentina	1.6	0.1	-	(0.2)	-	1.5
Zhangjiagang Yangtse Wool Combing Co Ltd	4.5	(0.6)	-	(0.1)	-	3.8
Other companies	0.1					0.1
Total Chargeurs Luxury Material	*14.2*	*(0.6)*	*(0.3)*	*(0.4)*		*12.9*
Ningbo Lailong Bertero Interlining Co. Ltd (*)	3.4	(0.8)	-	(0.1)	(2.5)	(0.0)
Ningbo Chargeurs Yak Textile Trading Co Ltd	-	(0.9)	-	(0.1)	1.0	-
Total Chargeurs Fashion Technologies	*3.4*	*(1.7)*	*-*	*(0.2)*	*(1.5)*	*(0.0)*
Total joint ventures	**17.6**	**(2.3)**	**(0.3)**	**(0.6)**	**(1.5)**	**12.9**
Wool USA	0.5					0.5
Total associates	**0.5**	**-**	**-**	**-**	**-**	**0.5**
Total equity-accounted investees	**18.1**	**(2.3)**	**(0.3)**	**(0.6)**	**-**	**13.4**

13.2 Key figures for the main equity-accounted investees

Key figures for material equity-accounted investees are presented below (on a 100% basis):

	At June 30, 2017			At December 31, 2016				
	Chargeurs Luxury Materials			Chargeurs Luxury Materials			Chargeurs Fashion Technologies	
(in euro millions)	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co Ltd	CW Uruguay	CW Argentina	Zangjiagang Yangtse Wool Combing Co. Ltd	Ningbo Lailong Bertero Interlining Co. Ltd	Yak Textile Trading Co, Ltd
Non-current assets	3.0	2.2	4.7	3.5	1.4	5.3	-	-
Current assets	33.2	13.1	12.5	41.7	21.6	15.1	-	-
Cash and cash equivalents	0.7	0.3	4.1	0.7	0.2	2.5	-	-
Other non-current liabilities	0.1	-	-	0.1	-	-	-	-
Current financial liabilities	19.2	8.2	6.5	23.4	12.3	7.4	-	-
Other current liabilities	3.6	3.0	8.7	7.0	7.2	8.7	-	-
Total net assets	**14.0**	**4.4**	**6.1**	**15.4**	**3.7**	**6.8**	**-**	**-**
% interest	50%	50%	50%	50%	50%	50%		
Group share	7.0	2.2	3.0	7.7	1.8	3.4	-	-
Goodwill	-	-	-	-	-	-	-	-
Other	**-**	**-**	**-**		**0.5**	-	-	-
Carrying amount	**7.0**	**2.2**	**3.0**	**7.7**	**2.3**	**3.4**	**-**	**-**

	At June 30, 2017			At June 30, 2016				
	Chargeurs Luxury Materials			Chargeurs Luxury Materials			Chargeurs Fashion Technologies	
(in euro millions)	CW Uruguay (*)	CW Argentina	Zhangjiagang Yangtse Wool Combing Co Ltd (**)	CW Uruguay	CW Argentina	Zangjiagang Yangtse Wool Combing Co. Ltd	Ningbo Lailong Bertero Interlining Co. Ltd	Yak Textile Trading Co Ltd
Revenue	23.6	11.0	12.8	29.1	8.7	20.8	5.4	6.1
Depreciation, amortization and impairment	(0.3)	-	(0.5)	(0.3)	-	(0.7)	(0.1)	(1.6)
Finance costs, net	(0.4)	(0.3)	(3.5)	(0.5)	(0.6)	(0.3)	-	-
Income tax expense	-	-	-	-	-	-	-	-
Profit/(loss) from continuing operations	**(0.3)**	**0.1**	**(0.5)**	**0.1**	**0.2**	**(1.2)**	**(1.7)**	**(1.8)**
% interest	50%	50%	50%	50%	50%	50%	49%	49%
Other	-	-	-	(0.1)	-	-	-	-
Group share of profit/(loss)	**(0.1)**	**0.1**	**(0.3)**	**(0.1)**	**0.1**	**(0.6)**	**(0.8)**	**(0.9)**

(*) Lanas Trinidad's results for the period included restructuring cost incurred to adapt its production capacity to market requirements.
(**) The restructuring measures carried out within Zhangjiagang during prior periods resulted in a significant improvement in its results in first-half 2017.

13.3 Transactions with equity-accounted investees

In the first half of 2017, the main transactions with the Group's equity-accounted investees (Lanas Trinidad, Chargeurs Wool Argentina and Zhangjiagang Yangtse Wool Combing Co Ltd and its subsidiary Yangtse Pty Ltd) were as follows:

- purchases recorded in cost of sales for €22.3 million;
- sales for €4.2 million;
- trade receivables for €7.2 million;
- trade payables for €12.1 million.

14 Working capital

(in euro millions)	**Dec. 31, 2016**	Change in operating working capital(*)	Other changes	Currency effect	Impact of changes in scope of consolidation	**June 30, 2017**
Inventories and work-in-progress	105.4	(4.9)	-	(3.8)	-	96.7
Trade receivables	47.3	13.4	-	(2.6)	-	58.1
Derivative financial instruments	0.5	-	0.7	-	-	1.2
Other receivables	23.0	4.3	-	(0.6)	-	26.7
Current income tax receivables	2.2	-	(0.6)	-	-	1.6
Assets	**178.4**	**12.8**	**0.1**	**(7.0)**	**-**	**184.3**
Trade payables	91.3	9.0	(0.1)	(1.2)	-	99.0
Derivative financial instruments	1.8	-	(1.3)	-	-	0.5
Other payables	39.7	(1.1)	(0.1)	(0.6)	-	37.9
Current income tax liability	1.9	-	0.6	-	-	2.5
Liabilities	**134.7**	**7.9**	**(0.9)**	**(1.8)**	**-**	**139.9**
Working capital	**43.7**	**4.9**	**1.0**	**(5.2)**	**-**	**44.4**

(in euro millions)	**Dec. 31, 2015**	Change in operating working capital(*)	Other changes	Currency effect	Impact of changes in scope of consolidation	**June 30, 2016**
Inventories and work-in-progress	101.0	(2.1)	0.1	(1.5)	(3.4)	94.1
Trade receivables	44.6	10.8	-	(0.4)	(5.8)	49.2
Derivative financial instruments	1.1	(0.1)	(0.4)	-	-	0.6
Other receivables	23.6	2.9	-	(0.2)	1.7	28.0
Current income tax receivables	1.3	-	(0.2)	-	-	1.1
Assets	**171.6**	**11.5**	**(0.5)**	**(2.1)**	**(7.5)**	**173.0**
Trade payables	90.6	2.7	(0.2)	(0.3)	(6.1)	86.7
Derivative financial instruments	0.3	-	0.8	-	-	1.1
Other payables	38.9	(1.3)	4.8	(0.4)	-	42.0
Current income tax liability	1.5	-	1.2	-	-	2.7
Liabilities	**131.3**	**1.4**	**6.6**	**(0.7)**	**(6.1)**	**132.5**
Working capital	**40.3**	**10.1**	**(7.1)**	**(1.4)**	**(1.4)**	**40.5**

(*) Presented in the consolidated statement of cash flows under "Net cash from operating activities".

15 Long- and short-term debt, cash and cash equivalents

15.1 Net cash position

		Cash movements		Non-cash movements					
(in euro millions)	Dec. 31, 2016	Increase	Decrease	Changes in scope of consolidation	Assets acquired through finance lease	Changes in exchange rates	Other	June 30, 2017	Effective interest rate June 30, 2017
Marketable securities	44.2	-	(12.3)	-	-	-	-	31.9	
Term deposits	2.7	0.8	-	-	-	(0.1)	-	3.4	
Cash at bank	114.6	52.4	-	-	-	(0.8)	-	166.2	
	161.5	**53.2**	**(12.3)**	**-**	**-**	**(0.9)**	**-**	**201.5**	
Bank borrowings	123.4	40.0	(1.7)	-	-	-	-	161.7	2.70%
Finance lease liabilities	17.8	-	(2.4)	-	-	(0.1)	-	15.3	
Bank overdrafts	17.1	(0.9)	-	-	-	(1.0)	-	15.2	
Total bank borrowings and overdrafts	**158.3**	**39.1**	**(4.1)**	**-**	**-**	**(1.1)**	**-**	**192.2**	
Net cash position/(Net debt position)	**3.2**	**14.1**	**(8.2)**	**-**	**-**	**0.2**	**-**	**9.3**	

There were no restrictions on the use of the cash and cash equivalents held by Group at June 30, 2017.

The average interest rate on long-term borrowings after hedging was 2.70% at June 30, 2017 and 2.79% at December 31, 2016.

At June 30, 2017, Group companies had financing facilities maturing at different dates representing a total of €274.5 million, of which €82.7 million was undrawn (versus a total of €217.7 million at December 31, 2016 of which €60.9 million was undrawn).

New credit facilities

During the first half of 2017, Chargeurs obtained two new 5-year confirmed credit facilities for a total of €13.0 million, neither of which had been drawn down at June 30, 2017.

Financial covenants

The Group's Euro PPs (€112.0 million) and certain credit facilities (representing an aggregate €30 million) are subject to covenants based on the following ratios:

- Net debt/equity ≤ 0.85
- Net debt/EBITDA ≤ 3.50

Compliance with these covenants is tested on an annual basis.

15.2 Analysis of the change in net cash position

	Six months ended June 30	
(in euro millions)	**2017**	**2016**
Cash generated by operations	21.5	19.1
Dividends from equity-accounted investees	0.8	0.3
Change in working capital	(4.9)	(10.1)
Cash flows from operating activities	**17.4**	**9.3**
Cash flows from investing activities	**(7.6)**	**(7.0)**
Dividends paid to owners of the parent	(3.6)	(6.9)
Share buybacks	(0.3)	-
Other movements	-	(1.0)
Other cash flows	**(3.9)**	**(7.9)**
New finance lease liabilities	-	(0.2)
Impact of change in scope of consolidation	-	(0.8)
Currency effect	0.2	0.2
Change in net cash	**6.1**	**(6.4)**

15.3 Analysis of debt by maturity and interest rate

(in euro millions)	June 30, 2017 Total	June 30, 2017 Of which fixed rate	June 30, 2017 Of which variable rate	December 31, 2016 Total	December 31, 2016 Of which fixed rate	December 31, 2016 Of which variable rate
Due in less than one year	7.8	6.7	1.1	8.1	6.8	1.3
Due in one to two years	8.5	6.9	1.6	8.2	6.9	1.3
Due in two to three years	6.9	5.3	1.6	7.2	5.5	1.7
Due in three to four years	21.6	20.4	1.2	21.8	20.3	1.5
Due in four to five years	18.8	17.7	1.1	20.8	20.0	0.8
Due in five to eight years	73.4	73.4	-	75.1	74.3	0.8
Due in more than eight years	40.0	40.0	-	-	-	-
Total	**177.0**	**170.4**	**6.6**	**141.2**	**133.8**	**7.4**

In the first half of 2017, the average maturity of the Group's debt was 5.4 years (compared with 5.1 years at December 31, 2016).

To mitigate risks and optimize its borrowing costs, the Group uses derivatives which alter the structure of its interest rates. An interest rate swap has been set up on a notional amount of €30.0 million to convert the variable interest rate on certain credit facilities to fixed rate. Changes in the fair value of this swap – which are recognized in other comprehensive income – amounted to a positive €0.6 million in first-half 2017.

At June 30, 2017, the carrying amount of fixed-rate debt, after hedging, was €170.4 million. The proportion of average debt at fixed interest rates was 95.3% in first-half 2017 and 91.2% in 2016.

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates applied.

15.4 Analysis of debt by currency

(in euro millions)	June 30, 2017	December 31, 2016
Euro	176.0	140.4
Other	1.0	0.8
Total	**177.0**	**141.2**

16 Pension and other post-employment benefit obligations

Employee benefits expense for the first half of 2017 amounted to €0.2 million, breaking down as service cost for €0.1 million and interest cost for €0.1 million.

United States: actuarial gains and losses arising during the first half of 2017 were estimated based on sensitivity tests performed at December 31, 2016, using a discount rate of 3.88% compared with 4.05% in 2016. A net actuarial loss of €0.2 million was recognized for the period.

Europe: actuarial gains and losses arising during the first half of 2017 were estimated based on sensitivity tests performed at December 31, 2016, using a discount rate of 1.67% compared with 1.25% in 2016. A net actuarial gain of €0.3 million was recognized for the period.

17 Provisions

The amount reported under "Provisions" in the statement of financial position does not include short-term provisions, which are included in "Other payables".

(in euro millions)	Long-term provisions	Short-term provisions	Total
December 31, 2015	**0.7**	**0.8**	**1.5**
Reversals of provisions used	-	(0.2)	(0.2)
June 30, 2016	**0.7**	**0.6**	**1.3**
December 31, 2016	**0.5**	**0.6**	**1.1**
Additions	0.1	0.1	0.2
Reversals of provisions used	(0.1)	(0.1)	(0.2)
Reversals of surplus provisions	-	(0.3)	(0.3)
June 30, 2017	**0.5**	**0.3**	**0.8**

(in euro millions)	June 30, 2017	December 31, 2016
Provisions for industrial restructuring costs	-	-
Provisions for other contingencies	0.8	1.1
Total	**0.8**	**1.1**

Cash outflows covered by provisions for other contingencies will amount to €0.3 million within the next twelve months and €0.5 million beyond that period.

18 Other non-current liabilities

"Other non-current liabilities" mainly include a €2.9 million guarantee received in respect of a license.

19 Related-party transactions

Related-party transactions with equity-accounted investees are presented in note 13.3. There were no material changes in related-party transactions between December 31, 2016 and June 30, 2017.

20 Commitments and contingencies

20.1 Commercial commitments

At June 30, 2017, Chargeurs SA and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €0.9 million.

20.2 Guarantees

At June 30, 2017, Chargeurs SA and its subsidiaries had given guarantees for a total of €35.3 million related to the Group's financing.

20.3 Collateral

At June 30, 2017, Chargeurs SA and its subsidiaries had granted collateral representing a total of €2.6 million.

20.4 Operating leases

Future minimum payments under operating leases break down as follows by maturity:

	Six months ended June 30	
(in euro millions)	2017	2016
Due in less than one year	1.2	1.7
Due in one to five years	4.5	4.4
Due in more than five years	0.7	1.2
Total	**6.4**	**7.3**

20.5 Legal risks

In 2010, Chargeurs SA was summoned on several occasions to appear before the French Employment Tribunal due to claims lodged by individuals previously employed and laid off by companies in which Chargeurs held an indirect interest. The total amount of these claims represented around €5.5 million. They were initially dismissed by the Employment Tribunal, but in late 2010, the former employees filed a new claim against the Company on the same grounds, but for double the amount.

In the first half of 2011, new Employment Tribunal claims were lodged against the Company on the same grounds for an additional amount of about €0.8 million. On February 20, 2014, all of the claims filed by former employees were rejected by the judge to whom the cases had been referred by the Employment Tribunal (*juge départiteur*). In December 2014, the Company was informed that the former employees had lodged an appeal. All of the complaints and claims against the Company were dismissed by the Toulouse Appeal Court in a ruling handed down on May 4, 2016.

At June 30, 2017: as none of the employees had appealed to a higher court within the legally prescribed timeframe, the May 4, 2016 ruling is now deemed final and the case has been closed.

21 Subsequent events

On August 31, 2017, Chargeurs announced that it had signed an agreement to acquire Omma, Italy's leading manufacturer of application, laminating, gluing and coating machines for four key markets: the automotive industry, metals, composites and wood. Omma's annual revenue totals close to €6 million, of which more than 80% is generated outside Italy.

This transaction is the next step in Chargeurs Protective Films' growth strategy that began with the acquisition, in April 2017, of Walco and Somerra, the market leaders in the United States and France respectively (see note 1.3).

22 Seasonal fluctuations in business

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

23 Main consolidated companies

At June 30, 2017, 56 companies were fully consolidated (unchanged from 2016), and 9 were accounted for by the equity method (unchanged from 2016).

Parent company	**Chargeurs SA**

A – Main fully consolidated companies

France	Chargeurs Boissy SARL – Chargeurs Textiles SAS – Chargeurs Entoilage SA
Germany	Chargeurs Deutschland GmbH – Leipziger Wollkämmerei AG

Protective Films segment

Holding company for the segment	**Chargeurs Films de Protection SA**
France	Novacel SA
Italy	Boston Tapes S.p.A. – Boston Tapes Commercial S.r.l. – Novacel Italia S.r.l.
Germany	Novacel GmbH
United Kingdom	Novacel UK Ltd
Spain	Novacel Iberica S.p.a
Belgium	S.A Novacel Belgium N.V
North America	Chargeurs Protective Films Inc. – Novacel Inc. – Main Tape Inc. – T.L.C. Inc
Asia	Novacel Shanghai Co. Ltd. (China) – Novacel Korea Ltd. (South Korea)

Fashion Technologies segment

Holding company for the segment	**Fitexin**
France	Lainière de Picardie BC SAS
Italy	Chargeurs Interfodere Italia
Germany	Lainière de Picardie Deutschland GmbH
United Kingdom	Chargeurs Interlining (UK) Ltd
Portugal	Chargeurs Entretelas (Iberica) Ltd
Romania	Lainière de Picardie Insertii S.r.l.
North America	Lainière de Picardie Inc.
South America	Lainière de Picardie Golaplast Brazil Textil Ltda – Entretelas Americanas SA – Lainière de Picardie DHJ Chile SA
Africa	Stroud Riley (Proprietary) Limited (South Africa) – ADT Chargeurs Entoilage Tunisie SARL (Tunisia)
Asia	Chargeurs Interlining (H.K.) Limited – LP (Wujiang) Textiles Co. Ltd – Lainière de Picardie Korea Co. Ltd – DHJ Interlining Limited – Etacol Bangladesh Ltd – Chargeurs Interlining Singapore PTE Ltd (Singapore) – Intissel Lanka PVT Ltd (Sri Lanka) - Intissel China Ltd (China)

Technical Substrates segment

France	Senfa

Luxury Materials segment

Holding company for the segment	**Chargeurs Wool Holding GmbH**
France	Chargeurs Wool (Eurasia) SAS
Italy	Chargeurs Wool Sales (Europe) S.r.l.
New Zealand	Chargeurs Wool (NZ) Limited
North America	Chargeurs Wool (USA) Inc.

B - Main companies accounted for by the equity method (Luxury Materials segment)

North America	USA Wool (35%)
South America	Lanas Trinidad SA (50%) (Uruguay) – Chargeurs Wool (Argentina) SA (50%) and its subsidiary Peinaduria Rio Chubut (25%)
Asia Pacific	Zhangjiagang Yangtse Wool Combing Co Ltd (50%) and its subsidiary Yangtse (Australia) Pty Ltd

The percentages indicated correspond to Chargeurs' percentage of control at June 30, 2017 for companies that are not almost or entirely wholly owned by the Group.

CHARGEURS

RELATED PARTY TRANSACTIONS

A description of related party transactions is provided in Note 19 to the condensed interim consolidated financial statements for the first-half of 2017. 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 2017, there were no material changes in the nature and volume of related party transactions.

September 6th, 2017

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, 2017 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, September 6th, 2017

Michaël FRIBOURG
Chairman & Chief Executive Officer

PricewaterhouseCoopers Audit

63, rue de Villiers
92908 Neuilly-sur-Seine Cedex

HAF Audit & Conseil
Membre de Crowe Horwath International
15, rue de la Baume
75008 Paris

Statutory Auditors' Review Report
on the Interim Financial Information

This is a free translation into English of the Statutory Auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking readers. This report also includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

To the Shareholders,
CHARGEURS
112, avenue Kléber
75116 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, 2017;
- 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 the financial statements, taken as a whole, are free from material misstatements, as we would not 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 provided 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, September 6th, 2017
The Statutory Auditors
French original signed by:

PricewaterhouseCoopers Audit	HAF Audit & Conseil Membre de Crowe Horwath International
Eric Bertier	Marc de Prémare