CHARGEURS

Interim Financial Report 2014

CONTENT

The Interim Financial Report 2014 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.

CHARGEURS

2012 Interim Activity Report

Increased Revenue and Sharply Higher Profit

The Board of Directors of Chargeurs met on August 28, 2014 under the chairmanship of Eduardo Malone to approve the consolidated financial statements for the six months ended June 30, 2014.

CONSOLIDATED FINANCIAL STATEMENTS *(in € millions)*	First–Half 2014	First–Half 2013 restated IFRS 5 [1]	First–Half 2013 (reported)
Revenue	243.9	239.4	240.0
Recurring operating profit [2]	12.0	7.7	7.2
Operating profit	11.8	9.5	9.0
Attributable net profit	6.4	3.2	3.2

[1] IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
[2] Operating profit before non-recurring items (see Note 2.1 to the interim consolidated financial statements)

Increased revenue

Revenue increased by 1.9% in first-half 2014 compared with the year-earlier period, lifted by a strong 5.9% rise in business volume and despite a 3.2% negative currency effect.

Sharply higher operating profit

Growth in delivered volumes, as part of the Group's strategy to build sales of high value-added products, helped to drive a significant 55.8% increase in recurring operating profit to €12.0 million.

Net profit reflected the full impact of this dynamic operating performance, with the €6.4 million increase for the period representing double the €3.2 million gain reported in first-half 2013.

ANALYSIS BY BUSINESS SEGMENT

Chargeurs Protective Films: a very good performance

(in € millions)	First–Half 2014	First–Half 2013
Revenue	103.5	96.0
Recurring operating profit	8.9	5.0
Operating profit	8.8	5.1

Chargeurs Protective Films continued to enjoy innovation-led growth. Revenue for the period was up 7.8%, reflecting a sharp rise in delivered volumes. Thanks to the strategic focus on high technical-content products, around one third of revenue is now generated by products that are less than five years old.
Recurring operating profit for first-half 2014 amounted to €8.9 million, representing a significant increase compared with €5.0 million for the same period of 2013.

Chargeurs Interlining: a significant currency effect

(in € millions)	First–Half 2014	First–Half 2013 restated IFRS 5	First–Half 2013 (reported)
Revenue	84.1	88.9	89.5
Recurring operating profit	2.9	2.0	1.5
Operating profit	2.8	3.7(*)	3.2(*)

(*) Including €1.7million in non-recurring items, consisting mainly of the gain on the sale of real estate

In a generally unfavorable market, the 5.4% decline in Chargeurs Interlining's revenue to €84.1 million was mainly due to the €5.7 million negative currency effect attributable for the most part to the fall in the Argentine peso. Excluding the currency effect, revenue held firm in a mature and highly competitive market.
Chargeurs Interlining reported recurring operating profit of €2.9 million for the period, versus a restated profit of €2.0 million in first-half 2013.

Chargeurs Wool: improved recurring operating profit

(in € millions)	First–Half 2014	First–Half 2013
Revenue	56.3	54.5
Recurring operating profit	1.5	1.4
Operating profit	1.5	1.4

Chargeurs Wool reported revenue of €56.3 million in first-half 2014, up 3.3% on the year-earlier period. Increased volumes offset the effects of lower raw wool prices and unfavorable exchange rates.
Recurring operating profit rose by 7.1% to €1.5 million from €1.4 million in first-half 2013, illustrating Chargeurs Wool's successful transformation into a service business.

A STRONGER FINANCIAL POSITION

The Group continued to strengthen its financial position during the first half of 2014.

Equity at June 30, 2014 amounted to €165.5 million (excluding minority interests) versus €157.9 million at December 31, 2013.

As announced, Chargeurs Interlining repaid the medium term credit facilities provided for under the debt restructuring agreement several months ahead of the due date, thereby extinguishing all of the Group's debt restructuring liabilities.

During first-half 2014, taking into account the quality of its earnings performance and the significant amount of cash generated by operations, Chargeurs Protective Films decided to purchase leased plant machinery for €12.6 million, in order to improve its strategic control over industrial assets and its operational competitiveness.

At June 30, 2014, the Group had a net cash position of €0.2 million, compared with a net cash position of €3.2 million at December 31, 2013 and net debt of €16.7 million at June 30, 2013.

Lastly, of the 415,083 convertible bonds issued in April 2010 with a total face value of €22.8 million, 226,294 bonds were outstanding at June 30, 2014.

OUTLOOK

With its restored financial headroom, its strategic focus on high value-added products and its solid operating performance in first-half 2014, Chargeurs confirms its objective of sustainably generating recurring operating profit of at least €20 million a year as from the end of 2015.

Based on first-half results and the latest economic indicators, the Group expects its 2014 performance to be close to:

(in € millions)	2014 Estimated	*2013 Actual*
Revenue	470	*466.5*
Recurring operating profit	**19**	***14.4***

Next announcement: Financial Information – Third Quarter 2014 – November 14, 2014

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About Chargeurs

Chargeurs is a global manufacturing and services group with leading positions in three niche markets: temporary surface protection, technical textiles and combed wool.
It has 1,600 employees based in 31 countries on five continents, who serve a diversified customer base spanning more than 45 countries.
In 2013, consolidated revenue totaled €466.5 million, of which 93% was generated outside France.

CHARGEURS

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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First-half 2014

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

Assets	Note	June 30, 2014	December 31, 2013
Non-current assets			
Property, plant and equipment	5	47.3	37.5
Intangible assets	6	66.7	66.3
Investments in associates and joint ventures		24.6	25.7
Deferred tax assets	8	11.6	11.9
Financial assets			
- Investments in non-consolidated companies		0.8	0.9
- Long-term loans and receivables	9	1.6	1.6
Derivative financial instruments	10	-	-
Other non-current assets		0.6	0.6
		153.2	**144.5**
Current assets			
Inventories and work-in-progress	11	94.7	97.6
Trade receivables	12	52.3	44.2
Factored receivables (*)	12 & 21	49.0	49.3
Derivative financial instruments	10	0.6	0.3
Other receivables	13	34.7	30.2
Cash and cash equivalents	14	45.9	48.0
		277.2	**269.6**
Assets held for sale	15	0.2	0.2
Total assets		**430.6**	**414.3**

Equity and liabilities	Note	June 30, 2014	December 31, 2013
Equity			
Attributable to owners of the parent			
Share capital	16	2.5	2.3
Share premium account	16	41.8	39.5
Other reserves and retained earnings	16	117.8	115.7
Profit for the period		6.4	3.6
Treasury stock	16	(0.2)	(0.2)
Translation reserve	22	(2.8)	(3.0)
		165.5	**157.9**
Non-controlling interests		3.3	**3.3**
Total equity		**168.8**	**161.2**
Non-current liabilities			
Convertible bonds	17	11.2	13.2
Long-term borrowings	18	14.8	13.0
Deferred tax liabilities	8	-	-
Pension and other long-term employee benefit obligations	19	14.0	12.7
Provisions	20	0.5	0.4
Other non-current liabilities	21	10.0	10.1
		50.5	**49.4**
Current liabilities			
Trade payables		94.1	88.9
Other payables	21	36.1	32.6
Factoring liabilities (*)	12 & 21	49.0	49.3
Current income tax liability		1.2	0.6
Derivative financial instruments	10	-	0.5
Short-term portion of long-term borrowings	18	14.3	11.5
Short-term bank loans and overdrafts	18	16.6	20.3
		211.3	**203.7**
Liabilities related to assets held for sale	15	-	-
Total equity and liabilities		**430.6**	**414.3**

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

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

Consolidated Income Statement *(in euro millions)*

	Note	First-half 2014	First-half 2013 (*) (restated)
Revenue		**243.9**	**239.4**
Cost of sales		(188.8)	(189.6)
Gross profit		**55.1**	**49.8**
Distribution costs		(25.3)	(24.6)
Administrative expenses		(15.9)	(15.7)
Research and development costs		(1.9)	(1.8)
Recurring operating profit		**12.0**	**7.7**
Other operating income	23	0.1	2.1
Other operating expenses	23	(0.3)	(0.3)
Operating profit		**11.8**	**9.5**
Finance costs, net		(1.8)	(2.0)
Other financial expenses		(1.3)	(2.4)
Other financial income		0.2	0.2
Finance costs and other financial income and expenses, net	25	**(2.9)**	**(4.2)**
Share of profit/(loss) of associates		(0.1)	0.2
Pre-tax profit for the period		**8.8**	**5.5**
Income tax expense	26	(2.3)	(1.8)
Profit from continuing operations		**6.5**	**3.7**
Profit/(loss) from discontinued operations	15	-	(0.7)
Profit for the period		**6.5**	**3.0**
Attributable to:			
Owners of the parent		6.4	3.2
Non-controlling interests		0.1	(0.2)
Earnings per share from continuing and discontinued operations (in euros)	27		
Basic earnings per share			
- From continuing operations		0.42	0.29
- From discontinued operations		-	(0.05)
From continuing and discontinued operations		0.42	0.24
Diluted earnings per share			
- From continuing operations		0.31	0.20
- From discontinued operations		-	(0.03)
From continuing and discontinued operations		0.31	0.17
Weighted average number of shares outstanding		15,425,338	13,479,034

(*) In accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, the first-half 2013 income statement has been restated to reflect the impact of operations discontinued in 2013 (see note 15 to these interim financial statements and note 17 to the financial statements for the year ended December 31, 2013).

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

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

	First-half 2014	First-half 2013
Profit for the period	**6.5**	**3.0**
Exchange differences on translating foreign operations	0.1	(0.9)
Available-for-sale financial assets		
- Fair value adjustments for the period recognized in equity	-	-
- Cumulative fair value adjustments reclassified to profit	-	-
Cash flow hedges		
- Fair value adjustments for the period recognized in equity	-	-
- Cumulative fair value adjustments reclassified to profit	-	-
Income tax relating to items that may be reclassified	-	-
Total items that may be reclassified subsequently to profit	**0.1**	**(0.9)**
Actuarial gains and losses on post-employment benefit obligations	(1.3)	0.8
Other items of other comprehensive income/(expense)	(0.2)	(0.2)
Income tax relating to items that will not be reclassified	-	-
Total items that will not be reclassified to profit	**(1.5)**	**0.6**
Other comprehensive income/(expense) for the period, net of tax	**(1.4)**	**(0.3)**
Total comprehensive income for the period	**5.1**	**2.7**
Attributable to:		
Owners of the parent	5.1	2.9
Non-controlling interests	-	(0.2)

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	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, 2012 (a)	2.2	38.1	119.5	8.0	0.0	(4.0)	(1.2)	162.6	6.6	169.2
Changes in treasury stock			(0.7)				1.0	0.3		0.3
Profit for the period			3.2					3.2	(0.2)	3.0
Other comprehensive income/ (expense) for the period			(0.2)	(0.9)		0.8		(0.3)		(0.3)
At June 30, 2013	2.2	38.1	121.8	7.1	0.0	(3.2)	(0.2)	165.8	6.4	172.2
At December 31, 2013	2.3	39.5	122.1	(3.0)	0.0	(2.8)	(0.2)	157.9	3.3	161.2
Issue of share capital	0.2	2.3						2.5		2.5
Profit for the period			6.4					6.4	0.1	6.5
Other comprehensive income/ (expense) for the period			(0.2)	0.2		(1.3)		(1.3)	(0.1)	(1.4)
At June 30, 2014	2.5	41.8	128.3	(2.8)	0.0	(4.1)	(0.2)	165.5	3.3	168.8

(a) The 2012 financial statements have been restated to reflect the impact of applying IAS 19R.

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

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

	Note	First-half 2014		First-half 2013 (restated) (*)	
Cash flows from operating activities					
Pre-tax profit of consolidated companies			8.9		5.3
Adjustments to reconcile pre-tax profit to cash generated from operations			4.7		4.5
- Depreciation and amortization expense	5 & 6	*4.7*		*4.7*	
- Provisions and pension and other long-term employee benefit obligations		*(0.4)*		*(0.8)*	
- Fair value adjustments		*-*		*0.2*	
- Impact of discounting		*0.8*		*0.7*	
- Gains/(losses) on disposal of investments in non-consolidated companies and other non-current assets		*(0.2)*		*(0.1)*	
- Exchange gains and losses on receivables and payables denominated in foreign currencies		*(0.2)*		*(0.2)*	
Income tax paid			(2.1)		(1.8)
Cash generated by operations			**11.5**		**8.0**
Dividends from equity-accounted companies			0.7		0.3
Change in operating working capital			0.5		4.5
Net cash from operating activities			**12.7**		**12.8**
Cash flows from investing activities					
Purchases of property, plant and equipment	5		(2.5)		(2.9)
Proceeds from sales of property, plant and equipment			0.3		2.6
Purchases of intangible assets	6		-		(0.2)
Proceeds from sales of intangible assets			-		0.1
Other movements			-		0.1
Net cash used in investing activities			**(2.2)**		**(0.3)**
Cash flows from financing activities					
Proceeds from issues of shares on conversion of bonds	17		2.5		-
(Purchases)/sales of treasury stock			-		0.3
Proceeds from new borrowings	18		5.4		5.6
Conversion of bonds	17		(2.5)		-
Repayment of long and short-term borrowings	18		(17.4)		(29.0)
Other movements			(0.6)		3.9
Net cash used in financing activities			**(12.6)**		**(19.2)**
(Decrease)/increase in cash and cash equivalents			**(2.1)**		**(6.7)**
Cash and cash equivalents at beginning of period	14		48.0		50.6
Cash and cash equivalents reclassified as "Assets held for sale"			(0.1)		(0.2)
Effect of foreign exchange rate changes on cash and cash equivalents			0.1		(0.1)
Cash and cash equivalents at period-end	14		**45.9**		**43.6**

(*) In accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, the first-half 2013 statement of cash flows has been restated to reflect the impact of operations discontinued in 2013 (see note 15 to these interim financial statements and note 17 to the financial statements for the year ended December 31, 2013).

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

Notes to the Interim Consolidated Financial Statements

1. General information

In first-half 2014, 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);
- Chargeurs Wool (top making and combed wool sales).

Chargeurs is a *société anonyme* governed by the laws of France. Its headquarters are located at 112 avenue Kléber, 75116 Paris, France. Chargeurs shares are listed on NYSE Euronext Paris.

The interim consolidated financial statements for the six months ended June 30, 2014 were approved by the Board of Directors on August 28, 2014. 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 2014 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. They have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not therefore contain all of the information and disclosures required in annual consolidated financial statements. They should be read in conjunction with the consolidated financial statements for the year ended December 31, 2013.

These interim consolidated financial statements have been prepared under the historical cost convention, except for land and buildings that were revalued at January 1, 2004, available-for-sale financial assets, financial assets and liabilities measured at fair value through profit or loss (including derivative instruments), financial assets and liabilities measured at amortized cost and assets and liabilities underlying fair value hedges.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise 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.

In accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, the income statement and statement of cash flows for the six months ended June 30, 2013 have been restated to reflect the impact of operations discontinued in 2013 (see note 15 to these interim financial statements and note 17 to the financial statements for the year ended December 31, 2013).

In order to provide a better view of its recurring performance, the Group has decided to present a new line in the consolidated income statement called "Recurring operating profit".

Recurring operating profit and other operating income and expenses are defined as follows:

Recurring operating profit

Recurring operating profit is an indicator used by the Group to estimate future underlying performance. It corresponds to operating profit before other operating income and expenses, which are non-recurring and are defined as material items of income and expense that are unusual in nature or infrequent in occurrence and whose inclusion in operating profit would create a distorted view of the Group's recurring performance. Recurring operating profit is calculated as gross profit less distribution costs, administrative expenses and research and development costs.

Other operating income and expenses

Other operating income and expenses correspond to material non-recurring items that are by nature unforeseeable because they are unusual or infrequent. They primarily include restructuring costs, asset impairment losses, and gains and losses on disposals of property, plant and equipment and intangible assets.

2.2 List of new, revised and amended standards and interpretations

a) New standards, interpretations and amendments to existing standards whose application was mandatory in the period ended June 30, 2014

Adopted by the European Union

✓ Affecting the Group

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- Transition Guidance – amendments to IFRS 10, IFRS 11 and IFRS 12
- IAS 27 revised – Separate Financial Statements
- IAS 28 revised – Investments in Associates and Joint Ventures
- Amendments to IFRS 10, IFRS 12 and IAS 27 revised – Investment Entities
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

These new standards and amendments did not have a material impact on the consolidated financial statements.

In connection with the first-time application of IFRS 10, 11 and 12, the Group has analyzed its level of control over its joint arrangements. All of the entities concerned have been classified as joint ventures because (i) they are jointly controlled through shareholder agreements or (ii) the Group exercises significant influence over them. As these entities were already accounted for by the equity method, application of the new standards did not affect the presentation of the consolidated financial statements.

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

Adopted by the European Union

- IFRIC 21 – Levies

Not yet adopted by the European Union

- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
- Annual Improvements to IFRSs – 2010-2012 Cycle, issued on December 12, 2013
- Annual Improvements to IFRSs – 2011-2013 Cycle, issued on December 12, 2013

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 2.7 to the 2013 consolidated financial statements. The recoverable amounts of cash-generating units (CGUs) were determined at December 31, 2013 based on calculations of value in use.

The Group's first-half 2014 results were consistent with the business plan projections used to calculate the CGUs' value in use at December 31, 2013, and it was therefore not necessary to test the CGUs for impairment at June 30, 2014.

(b) Income tax

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.

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 first-half 2014 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 changes in the scope of consolidation during first-half 2014.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

5. Property, plant and equipment

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

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
December 31, 2012	**4.2**	**15.1**	**20.4**	**5.8**	**2.0**	**47.5**
Additions	-	0.3	1.4	0.3	1.0	3.0
Disposals	(0.4)	(0.6)	(0.3)	-	(0.1)	(1.4)
Depreciation	-	(1.2)	(2.8)	(0.6)	-	(4.6)
Impairment	-	-	-	-	-	-
Other (*)	(1.0)	0.1	(0.1)	0.2	(0.2)	(1.0)
Translation adjustment	-	0.1	0.1	-	-	0.2
June 30, 2013	**2.8**	**13.8**	**18.7**	**5.7**	**2.7**	**43.7**

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
December 31, 2013	**2.6**	**11.6**	**18.2**	**3.9**	**1.2**	**37.5**
Additions (**)	-	-	14.1	0.1	1.4	15.6
Disposals	-	-	(0.8)	-	-	(0.8)
Depreciation	-	(0.8)	(3.2)	(0.4)	-	(4.4)
Impairment	-	-	-	-	-	-
Other	-	-		0.3	(0.6)	(0.3)
Translation adjustment	-	-	(0.2)	-	(0.1)	(0.3)
June 30, 2014	**2.6**	**10.8**	**28.1**	**3.9**	**1.9**	**47.3**

(*) The negative €1.0 million recorded under "Land" corresponds to a plot of land that has been reclassified to "Assets held for sale".

(**) Of which €13.1 million corresponding to assets acquired under finance leases (see note 7).

6. Goodwill and other intangible assets

a) Goodwill

Movements in goodwill related to fully consolidated companies can be analyzed as follows:

(in euro millions)	Gross value	Accumulated impairment losses	Net value
December 31, 2012	**81.6**	**(15.7)**	**65.9**
- Goodwill recognized on companies acquired during the period	-	-	-
- Goodwill written off on companies disposed of during the period	-	-	-
- Goodwill written off on companies removed from the scope of consolidation	-	-	-
Translation adjustment	0.5	-	0.5
Changes in scope of consolidation	-	-	-
Impairment losses recognized during the period	-	-	-
June 30, 2013	**82.1**	**(15.7)**	**66.4**

(in euro millions)	Gross value	Accumulated impairment losses	Net value
December 31, 2013	**79.5**	**(15.7)**	**63.8**
- Goodwill recognized on companies acquired during the period	-	-	-
- Goodwill written off on companies disposed of during the period	-	-	-
- Goodwill written off on companies removed from the scope of consolidation	-	-	-
Translation adjustment	0.5	-	0.5
Changes in scope of consolidation	-	-	-
Impairment losses recognized during the period	-	-	-
June 30, 2014	**80.0**	**(15.7)**	**64.3**

The table below provides a breakdown of goodwill by CGU.

(in euro millions)	**June 30, 2014**	**December 31, 2013**
Chargeurs Protective Films	47.4	46.9
Chargeurs Interlining (excluding Yak and Etacol)	13.6	13.6
Etacol	3.3	3.3
Total	**64.3**	**63.8**

<u>Goodwill impairment tests</u>

As explained in note 3.1 (a), no impairment losses were recognized on goodwill at June 30, 2014. The change in 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
December 31, 2012	**0.5**	**1.2**	**1.6**	**0.7**	**4.0**
Capitalized development costs	-	-	-	-	-
Additions	-	-	-	0.2	0.2
Disposals	-	-	-	(0.1)	(0.1)
Changes in scope of consolidation	-	-	-	-	-
Amortization	-	(0.2)	(0.1)	-	(0.3)
Impairment	-	-	-	-	-
Other	-	-	-	-	-
Translation adjustment	-	-	0.1	-	0.1
June 30, 2013	**0.5**	**1.0**	**1.6**	**0.8**	**3.9**

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
December 31, 2013	**0.4**	**0.9**	**0.3**	**0.9**	**2.5**
Capitalized development costs	-	-	-	-	-
Additions (*)	-	-	-	0.2	0.2
Disposals	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-
Amortization	-	(0.2)	-	(0.1)	(0.3)
Impairment	-	-	-	-	-
Other	-	(0.1)	(0.1)	0.2	-
Translation adjustment	-	-	-	-	-
June 30, 2014	**0.4**	**0.6**	**0.2**	**1.2**	**2.4**

(*) Of which €0.2 million corresponding to assets acquired under finance leases.

7. Finance leases

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

(in euro millions)	June 30, 2014	December 31, 2013
Land	1.2	1.2
Buildings	18.7	18.7
Plant and equipment	20.4	7.3
Fixtures, fittings and other	7.6	6.4
Gross value	**47.9**	**33.6**
Accumulated depreciation	(28.2)	(26.1)
Net value	**19.7**	**7.5**

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, 2014	December 31, 2013
Future minimum lease payments under finance leases	23.2	8.1
Finance lease liabilities	22.4	7.7
Future finance cost	**0.8**	**0.4**

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	12.8	12.5
Due in one to five years	7.5	6.8
Due in more than five years	2.9	3.1
Total at June 30, 2014	**23.2**	**22.4**
Due in less than one year	1.4	1.2
Due in one to five years	3.8	3.5
Due in more than five years	2.9	3.0
Total at December 31, 2013	**8.1**	**7.7**

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

During first-half 2014, Chargeurs Protective Films informed the credit institution concerned that it will exercise the purchase option on the leased equipment in the first quarter of 2015. At June 30, 2014, this equipment was carried in the consolidated statement of financial position for a gross value of €12.6 million, with a liability for the same amount recognized in short-term borrowings (see note 18).

8. Deferred taxes

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

(in euro millions)	June 30, 2014	December 31, 2013
Deferred tax assets, net		
- recoverable beyond 12 months	8.4	8.9
- recoverable within 12 months	9.9	9.9
Deferred tax liabilities		
- to be settled beyond 12 months	(5.6)	(5.4)
- to be settled within 12 months	(1.1)	(1.5)
Total	**11.6**	**11.9**

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

(in euro millions)	June 30, 2014	December 31, 2013
Deferred tax assets, net		
- deductible temporary differences	11.2	11.0
- tax loss carryforwards and tax credits	7.1	7.8
Deferred tax liabilities		
- taxable temporary differences	(6.7)	(6.9)
Total	**11.6**	**11.9**

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.

The tax assets arising from group relief in France, tax loss carryforwards and deductible temporary differences amounted to €5.7 million at June 30, 2014, unchanged from December 31, 2013.

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

9. Long-term loans and receivables

The €1.6 million total for this item at June 30, 2014 corresponds to long-term loans and deposits.

The fair value of these assets approximates their carrying amount.

10. Derivative financial instruments

The carrying amount of derivatives can be analyzed as follows:

(in euro millions)	June 30, 2014	December 31, 2013
Assets	0.6	0.3
Liabilities	-	(0.5)
Net	**0.6**	**(0.2)**

(in euro millions)	June 30, 2014		December 31, 2013	
Assets net of liabilities	Fair value	Notional	Fair value	Notional
Fair value hedges				
Currency hedges (a)	-	15.4	(0.2)	15.8
Cash flow hedges				
Currency hedges (a)	-		-	1.5
Interest rate hedges	-	-	-	-
Commodity hedges	-	2.6	-	2.6
Hedges of net investments in foreign operations				
Currency hedges (a)	-	-	-	-
Derivatives not qualifying for hedge accounting				
Currency derivatives (a)	0.6	(9.6)	-	-
Interest rate derivatives	-	-	-	-
Derivative financial instruments – net asset/(liability)	**0.6**		**(0.2)**	

(a) Notional amounts shown in parentheses correspond to net borrower positions for interest rate derivatives and net seller positions for all other derivatives.

Currency hedges classified as fair value hedges – which represented a notional amount of €15.4 million at June 30, 2014 – correspond to hedges of assets and liabilities and firm commitments by subsidiaries.

The €2.6 million notional amount recorded under "Commodity hedges" corresponds to the purchase of a derivative indexed to the value of polyethylene.

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

(in euro millions)	June 30, 2014	December 31, 2013
US dollar	6.8	18.1
Euro	(0.2)	(0.9)
British pound	(0.8)	0.1
Total	**5.8**	**17.3**

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

(in euro millions)	June 30, 2014	December 31, 2013
Euro	2.6	2.6

Maturities of derivatives at fair value

(in euro millions)	June 30, 2014	December 31, 2013
Less than 6 months	0.4	(0.2)
More than 6 months	0.2	-

11. Inventories and work-in-progress

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

(in euro millions)	June 30, 2014	December 31, 2013
Gross value		
Raw materials and supplies	33.1	41.9
Finished and semi-finished goods and work-in-progress	66.4	60.5
Other	0.3	0.2
Total – gross value	**99.8**	**102.6**
Provisions for impairment	(5.1)	(5.0)
Net value	**94.7**	**97.6**
Increase in provisions for impairment of inventory	(1.0)	(1.2)
Reversals of provisions used	0.3	0.9
Reversals of surplus provisions	0.6	1.2
Changes in scope of consolidation	-	0.5

12. Trade receivables

(in euro millions)	June 30, 2014	December 31, 2013
Trade receivables		
Gross value	58.7	50.7
Provisions for impairment	(6.4)	(6.5)
Net	**52.3**	**44.2**

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, 2014, certain receivables had been sold under no-recourse agreements with factoring companies in France and abroad. These receivables are still shown in Chargeurs' consolidated statement of financial position even though they have been sold and despite the fact that title has been transferred to the factoring company (see note 3.2).

The amounts paid by the factoring companies for receivables totaled €49.0 million at June 30, 2014 (€49.3 million at December 31, 2013).

13. Other receivables

(in euro millions)	June 30, 2014	December 31, 2013
Short-term tax receivables	1.5	0.8
Miscellaneous receivables	33.7	29.3
Accruals	1.4	2.1
Provisions for impairment	(1.9)	(2.0)
Net	**34.7**	**30.2**

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, 2014**	**December 31, 2013**
Marketable securities	19.2	20.8
Term deposits	1.1	0.9
Sub-total	**20.3**	**21.7**
Cash at bank	25.6	26.3
Total	**45.9**	**48.0**

15. Assets held for sale and profit/(loss) from discontinued operations

a) Assets held for sale

(in euro millions)	**June 30, 2014**	**December 31, 2013**
Assets held for sale	0.2	0.2
Liabilities related to assets held for sale	-	-

The €0.2 million recorded under "Assets held for sale" at June 30, 2014 corresponds to residual assets for which a disposal plan is underway.

b) Profit/(loss) from discontinued operations

In 2013, Chargeurs discontinued a loss-making line of business forming part of Chargeurs Interlining. This did not have any impact on the consolidated income statement for the six months ended June 30, 2014.

(in euro millions)	**First-half 2014**	**First-half 2013**
Discontinuation of a Chargeurs Interlining business line		
Revenue	-	0.6
Gross profit/(loss)	-	(0.4)
Operating profit/(loss)	-	(0.5)
Finance costs and other financial income and expenses, net	-	-
Pre-tax profit/(loss) from discontinued operations	-	(0.5)
Income tax expense	-	-
Post-tax profit/(loss) from discontinued operations	**-**	**(0.5)**
Pre-tax gains and losses from asset remeasurements	-	-
Income tax on gains and losses from asset remeasurements	-	-
Post-tax net gains and losses from asset remeasurements	-	-
Profit/(loss) for the period	**-**	**(0.5)**
Discontinuation of the remaining Fabrics operations in Asia	**-**	**(0.2)**
Profit/(loss) from discontinued operations	**-**	**(0.7)**

The cash flows related to the discontinuation of the Chargeurs Interlining business line were as follows:

(in euro millions)	First-half 2014	First-half 2013
Cash flows from/(used in) operating activities	(1.1)	0.7
Cash flows from/(used in) investing activities	0.6	(0.1)
Cash flows from/(used in) financing activities	0.4	(0.8)
Total cash flows	**(0.1)**	**(0.2)**

16. Equity

All Chargeurs shares have been called and are fully paid-up.
Changes in the number of shares outstanding since December 31, 2012 are as follows:

Shares outstanding at December 31, 2012	**13,524,913**
Issuance of shares on conversion of bonds	815,662
Shares outstanding at December 31, 2013	**14,340,575**
Issuance of shares on conversion of bonds	1,426,260
Shares outstanding at June 30, 2014	**15,766,835**

Based on a par value of €0.16 per share, Chargeurs SA's share capital amounted to €2,522,693.60 at June 30, 2014 (December 31, 2013: €2,294,492).

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 first-half 2014, 46,099 bonds were converted into shares. The aggregate par value of the shares issued on conversion was €0.2 million and the aggregate premium was €2.3 million, representing a total increase in equity of €2.5 million.

	First-half 2014	Full-year 2013
Number of convertible bonds		
At beginning of period	272,393	299,691
Number of bonds converted during the period	46,099	27,298
At end of period	**226,294**	**272,393**
Number of shares issued on conversion of bonds		
At beginning of period	3,963,478	3,147,816
Shares issued on conversions for the period	1,244,673	737,046
Shares issued in payment of interest	181,587	78,616
At end of period	**5,389,738**	**3,963,478**
Number of shares potentially issuable between June 30, 2014 and January 1, 2016		
Minimum number of shares	1,371,342	1,650,702
Maximum number of shares	7,241,408	8,716,576
Aggregate face value of the bonds (in euros)	22,829,565	22,829,565
Maximum amount redeemable at maturity (in euros)	12,446,170	14,981,615

b) Treasury stock

There were no movements in treasury stock during first-half 2014.

c) Other reserves

At June 30, 2014 "Other reserves" included:

- cumulative net gains and losses on cash flow hedges, which amounted to zero, unchanged from December 31, 2013;
- net actuarial losses on post-employment benefit obligations, representing a negative €4.1 million versus a negative €2.8 million at December 31, 2013.

17. 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 principal terms of this bond issue are described in note 19 to the 2013 consolidated financial statements.

The prospectus for the issue, which was approved by the AMF under visa number 10-044 on March 11, 2010, may be viewed on the websites of Chargeurs (http//www.chargeurs.fr/en/content/convertible-bond) and the AMF.

b) Accounting treatment

The accounting treatment of the convertible bonds in accordance with IAS 32 led to a €4.6 million increase in equity on initial recognition in 2010.

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

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

The related finance cost for the six months ended June 30, 2014 was €0.5 million. The effective interest rate of the bonds at June 30, 2014 was 7.30%.

A total of 46,099 bonds were converted in first-half 2014, leading to a €2.5 million decrease in the outstanding debt.

(in euro millions)	**December 31, 2013**	Finance cost for the period	Conversions for the period	**June 30, 2014**
Share capital	0.4		0.2	0.6
Share premium account (conversion premium)	7.5		2.3	9.8
Equity component of convertible bonds	4.6			4.6
Convertible bonds	13.2	0.5	(2.5)	11.2

18. Borrowings

The credit facilities provided for under the debt restructuring agreement signed by the Group on January 7, 2010 (and amended by way of addenda dated February 4, 2010, January 6, 2012 and June 26, 2013) had been repaid in full as of June 30, 2014. Consequently, the Group companies have now settled all of their obligations under the debt restructuring agreement.

a) Net debt

(in euro millions)	Notional amount June 30, 2014	Notional amount Dec. 31, 2013	Effective interest rate June 30, 2014
Bank borrowings	29.1	24.5	5.3%.
Bank overdrafts	16.6	20.3	
Total borrowings	**45.7**	**44.8**	
Cash and cash equivalents	(45.9)	(48.0)	
Net debt/(cash)	**(0.2)**	**(3.2)**	

b) Analysis of borrowings

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

(in euro millions)	June 30, 2014	December 31, 2013
Bank borrowings	6.7	16.8
Finance lease liabilities	22.4	7.7
Total	**29.1**	**24.5**

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

(in euro millions)	June 30, 2014	Of which fixed rate	Of which variable rate	December 31, 2013	Of which fixed rate	Of which variable rate
Due in less than one year	14.3	12.0	2.3	11.5	1.6	9.9
Due in one to two years	3.9	1.0	2.9	3.5	1.5	2.0
Due in two to three years	2.3	0.8	1.5	2.7	1.2	1.5
Due in three to four years	1.9	0.1	1.8	1.1	-	1.1
Due in four to five years	1.9	0.1	1.8	1.1	-	1.1
Due in more than five years	4.8	0.4	4.4	4.6	-	4.6
Total	**29.1**	**14.4**	**14.7**	**24.5**	**4.3**	**20.2**

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

At June 30, 2014, the carrying amount of long-term borrowings originally contracted at fixed rates was €14.4 million, representing 43.6% of average borrowings in first-half 2014 (12.1% in full-year 2013).

The average interest rate on long-term borrowings was 5.3% at June 30, 2014 and 4.3% at December 31, 2013.

Changes in long-term borrowings during the period primarily concern Chargeurs Protective Films' finance lease liabilities (see note 7).

Long-term debt was denominated in the following repayment currencies at June 30, 2014 and December 31, 2013:

(in euro millions)	June 30, 2014	December 31, 2013
Euro	28.0	22.2
US dollar	-	0.7
Other	1.1	1.6
Total	**29.1**	**24.5**

19. Pension and other long-term employee benefit obligations

The total expense recognized in first-half 2014 for pension and other long-term employee benefit obligations was €0.4 million, of which €0.1 million was included in operating profit and €0.3 million was recorded as a financial expense.

USA: actuarial gains and losses arising during the first half of 2014 were estimated based on sensitivity tests performed at December 31, 2013, using a discount rate of 4.00% compared with 4.5% in 2013. A net actuarial loss of €0.8 million was recognized for the period.

Europe: actuarial gains and losses arising during the first half of 2014 were estimated based on sensitivity tests performed at December 31, 2013, using a discount rate of 2.50% compared with 3.00% in 2013. A net actuarial loss of €0.5 million was recognized for the period.

20. Provisions

Provisions can be analyzed as follows:

(in euro millions)	June 30, 2014	December 31, 2013
Long-term provisions	0.5	0.4
Short-term provisions (*)	0.9	2.0
Total	**1.4**	**2.4**

(*) Classified as "Other payables".

Movements in provisions:

(in euro millions)	Long-term provisions	Short-term provisions	Total
January 1, 2013	**0.4**	**1.7**	**2.1**
Additions	-	0.2	0.2
Reversals of provisions used	-	(0.2)	(0.2)
Reversals of surplus provisions	(0.4)	(0.4)	(0.8)
Changes in scope of consolidation	-	-	-
Other	0.6	(0.6)	-
Translation adjustment	-	-	-
June 30, 2013	**0.6**	**0.7**	**1.3**

(in euro millions)	Long-term provisions	Short-term provisions	Total
January 1, 2014	**0.4**	**2.0**	**2.4**
Additions	0.1	0.1	0.2
Reversals of provisions used	-	(0.5)	(0.5)
Reversals of surplus provisions	-	(0.7)	(0.7)
Changes in scope of consolidation	-	-	-
Other	-	-	-
Translation adjustment	-	-	-
June 30, 2014	**0.5**	**0.9**	**1.4**

(in euro millions)	June 30, 2014	December 31, 2013
Provisions for industrial restructuring costs	0.6	1.7
Provisions for other contingencies	0.8	0.7
Total	**1.4**	**2.4**

Cash outflows covered by provisions for other contingencies will amount to €0.3 million in 2015 and €0.5 million in subsequent years.

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

"Other non-current liabilities" include a €10.0 million guarantee received in respect of a license.

Receivables sold under no-recourse agreements are shown in the statement of financial position in an amount of €49.0 million (see note 12), with the corresponding liability recorded under "Factoring liabilities".

22. Financial risk management

Financial risk policies in the first half of 2014 were based on the principles described in the 2013 consolidated financial statements.

The following table presents the sensitivity of consolidated equity to foreign exchange risk, based on data at June 30, 2014.

(in euro millions)	**Translation reserves by currency**	**Effect of a 10-point increase in the exchange rate against the euro**	**Effect of a 10-point decrease in the exchange rate against the euro**
Australian dollar	(0.1)	0.0	(0.0)
Argentine peso	(7.2)	0.7	(0.7)
Bangladesh taka	(0.2)	0.0	(0.0)
Brazilian real	0.2	0.0	(0.0)
Chilean peso	(0.2)	0.0	(0.0)
Hong Kong dollar	(0.2)	0.0	(0.0)
Czech koruna	1.4	0.1	(0.1)
Sri Lankan rupee	(0.4)	0.0	(0.0)
Malaysian ringgit	0.6	0.1	(0.1)
New Zealand dollar	1.6	0.2	(0.2)
Chinese yuan	7.5	0.8	(0.8)
Singapore dollar	0.8	0.1	(0.1)
Turkish lira	(1.3)	0.1	(0.1)
US dollar	(4.7)	0.5	(0.5)
South African rand	(0.6)	0.1	(0.1)
Total	**(2.8)**	**2.7**	**(2.7)**

NOTES TO THE INCOME STATEMENT

23. Other operating income and expenses

Other operating income and expenses can be analyzed as follows:

(in euro millions)	First-half 2014	First-half 2013 (restated)
Gains and losses on disposal of non-current assets	0.1	1.2
Restructuring costs	(0.3)	0.1
Other	-	0.5
Total	**(0.2)**	**1.8**

Exchange gains and losses – which were previously classified as other operating income and expenses – are now included in "Recurring operating profit". They represented a net loss of €0.4 million in first-half 2013 and a non-material amount in the six months ended June 30, 2014.

24. Employee information

a) Number of employees

The average number of employees of fully consolidated subsidiaries was as follows in first-half 2014 and full-year 2013:

	First-half 2014	Full-year 2013
Employees in France	510	506
Employees outside France	1,069	1,216
Total employees	**1,579**	**1,722**

b) Payroll costs

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

25. Finance costs and other financial income and expenses

(in euro millions)	First-half 2014	First-half 2013
- Finance costs	(2.2)	(2.3)
- Interest income on loans and investments	0.4	0.3
Finance costs, net	**(1.8)**	**(2.0)**
Factoring cost	**(0.5)**	**(0.6)**
- Convertible bond interest cost	(0.5)	(0.5)
- Interest expense on employee benefits	(0.3)	(0.2)
- Fair value adjustments to investments in non-consolidated companies	-	0.2
- Fair value adjustments to financial instruments	-	-
- Other	0.2	(1.1)
Other financial income and expenses	**(0.6)**	**(1.6)**
Finance costs and other financial income and expenses, net	**(2.9)**	**(4.2)**

26. Income tax

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

(in euro millions)	**First-half 2014**	**First-half 2013**
Current taxes	(2.0)	(2.2)
Deferred taxes	(0.3)	0.4
Total	**(2.3)**	**(1.8)**

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

(in euro millions)	**First-half 2014**	**First-half 2013**
Income tax expense for the period	(2.3)	(1.8)
Standard French income tax rate	33.33%	33.33%
Tax at the standard rate	(3.0)	(1.6)
Difference between income tax expense for the period and tax at the standard rate	0.7	(0.2)
Effect of differences in foreign tax rates	-	-
Effect of permanent differences between book profit and taxable profit	(0.1)	-
Change in tax assets recognized for tax losses:		
- Reversals of valuation allowances on tax loss carryforwards recognized in prior periods	-	-
- Utilizations of tax loss carryforwards covered by valuation allowances and deferred tax assets for tax loss carryforwards recognized during the current period	1.5	1.2
- Effect of unrelieved tax losses	(0.2)	(0.7)
- Valuation allowance on deferred tax assets (tax loss carryforwards arising in prior periods)	-	-
Other	(0.5)	(0.7)

27. 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 €0.42 for first-half 2014.

As a result of the convertible bond issue, diluted earnings per share were determined by taking into account potential ordinary shares at June 30, 2014 and by adjusting profit to exclude the interest paid on the bonds. On this basis, diluted earnings per share for the period came to €0.31.

ADDITIONAL INFORMATION

28. Commitments and contingencies

28.1 Commercial commitments

At June 30, 2014, Chargeurs and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €3.8 million (December 31, 2013: €0.3 million).

28.2 Guarantees

At June 30, 2014, Chargeurs and its subsidiaries had given guarantees for a total of €3.6 million.

28.3 Collateral

At June 30, 2014, the Group had granted collateral representing a total of €4.0 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, 2014	December 31, 2013
Due in less than one year	-	4.2
Due in one to five years	-	0.7
Due in more than five years	-	-
Total	**-**	**4.9**

28.5 Other risks

a) Legal risks

In 2010, the Company 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 above claims filed by former employees were rejected by the judge to whom the cases had been referred by the Employment Tribunal. The employees subsequently lodged an appeal against the decision in April 2014. The Company continues to consider that these claims are totally without merit.

b) Tax and customs risks

In several host countries, tax returns for years not yet time-barred are open to a tax audit. In France, the statute of limitations is four years.

In early February 2011, a subsidiary received a €0.84 million tax reassessment, corresponding to excise duty on energy products for the years 2007 to 2010. The company formally contested this reassessment on April 11, 2011. A judgment in favor of the Chargeurs subsidiary was issued in June 2014, which the tax authorities have appealed.

29. Related party transactions

Transactions with equity-accounted companies

In first-half 2014, the main transactions with companies accounted for by the equity method concerned:

- Purchases from the Chinese company Ningbo Yak Kyokuyo Textiles. These transactions were recognized by Chargeurs Interlining under cost of sales in an amount of €2.9 million.
- Purchases from Lanas Trinidad, Chargeurs Wool Argentina and Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangstse Pty Ltd. These transactions were recognized by Chargeurs Wool under cost of sales in an amount of €20.3 million.

30. Information by business segment

30.1 Profits and losses by business segment

First-half 2014 *(in euro millions)*	**Chargeurs Protective Films**	**Chargeurs Interlining**	**Chargeurs Wool**	**Non-operating**	**Inter-segment eliminations**	**Consolidated**
Revenue	**103.5**	**84.1**	**56.3**	**-**	**-**	**243.9**
Recurring operating profit/(loss)	**8.9**	**2.9**	**1.5**	**(1.3)**		**12.0**
Operating profit/(loss)	8.8	2.8	1.5	(1.3)	-	11.8
Finance costs and other financial income and expenses, net						(2.9)
Share of profit/(loss) of associates						(0.1)
Pre-tax profit for the period						**8.8**
Income tax expense						(2.3)
Profit/(loss) from discontinued operations						-
Profit for the period						**6.5**

First-half 2013 (restated) *(in euro millions)*	**Chargeurs Protective Films**	**Chargeurs Interlining**	**Chargeurs Wool**	**Non-operating**	**Inter-segment eliminations**	**Consolidated**
Revenue	**96.0**	**88.9**	**54.5**	**-**	**-**	**239.4**
Recurring operating profit/(loss)	**5.0**	**2.0**	**1.4**	**(0.7)**		**7.7**
Operating profit/(loss)	5.1	3.7	1.4	(0.7)	**-**	9.5
Finance costs and other financial income and expenses, net						(4.2)
Share of profit/(loss) of associates						0.2
Pre-tax profit for the period						**5.5**
Income tax expense						(1.8)
Profit/(loss) from discontinued operations						(0.7)
Profit for the period						**3.0**

30.2 Additional segment information

First-half 2014 *(in euro millions)*	**Chargeurs Protective Films**	**Chargeurs Interlining**	**Chargeurs Wool**	**Non-operating**	**Consolidated**
Depreciation of property, plant and equipment	(2.2)	(2.2)	-	-	(4.4)
Impairment losses:					
- Goodwill	-	-	-	-	-
- Property, plant and equipment	-	-	-	-	-
Impairment losses:					
- Inventories	(0.6)	(0.4)	-	-	(1.0)
- Trade receivables	(0.2)	0.3	-	-	0.1

First-half 2013 *(in euro millions)*	**Chargeurs Protective Films**	**Chargeurs Interlining**	**Chargeurs Wool**	**Non-operating**	**Consolidated**
Depreciation of property, plant and equipment	(1.4)	(2.5)	(0.7)	-	(4.6)
Impairment losses:					
- Goodwill	-	-	-	-	-
- Property, plant and equipment	-	-	-	-	-
Impairment losses:					
- Inventories	(0.3)	(0.2)	(0.3)	-	(0.8)
- Trade receivables	-	0.9	-	-	0.9

30.3 Segment assets and liabilities

At June 30, 2014 *(in euro millions)*	**Chargeurs Protective Films**	**Chargeurs Interlining**	**Chargeurs Wool**	**Non-operating**	**Total**
Assets [a]	140.0	125.9	55.0	14.8	335.7
Liabilities [b]	73.2	54.5	25.5	6.0	159.2
Capital employed	**66.8**	**71.4**	**29.5**	**8.8**	**176.5**
Purchases of assets	14.2	1.6	-	-	15.8

At December 31, 2013 *(in euro millions)*	**Chargeurs Protective Films**	**Chargeurs Interlining**	**Chargeurs Wool**	**Non-operating**	**Total**
Assets [a]	118.4	122.4	64.6	11.5	316.9
Liabilities [b]	67.0	45.9	31.5	4.8	149.2
Capital employed	**51.4**	**76.5**	**33.1**	**6.7**	**167.7**
Purchases of assets	3.0	3.1	0.3	0.3	6.7

(a) Excluding cash and cash equivalents and receivables sold to factoring companies.
(b) Excluding equity attributable to owners of the parent, borrowings (convertible bonds, long-term borrowings, short-term portion of long-term borrowings and short-term bank loans and overdrafts) and factoring liabilities.

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 occurred between June 30, 2014 and the date on which these financial statements were approved for issue.

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 2014. 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 2014, there were no material changes in the nature and volume of related party transactions.

August 28, 2014

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, 2014 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 28, 2014

Martine Odillard
Chief Executive Officer

CHARGEURS

STATUTORY AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

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 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, 2014;
- 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, August 28, 2014

The Statutory Auditors
French original signed by :

PricewaterhouseCoopers Audit	S & W Associés
Eric Bertier	Maryse Le Goff