(incorporated under the laws of France as a *société anonyme*, *i.e.*, a public limited company)

Subordinated bonds due 1 January 2016 convertible into new shares
(obligations subordonnées convertibles en actions)

Chargeurs, a *société anonyme* organised under the laws of France ("**Chargeurs**" or the "**Company**"), is offering 415,083 subordinated bonds of €55 principal amount per bond (the "**Bonds**") convertible into new shares of the Company (the "**Shares**") in a global offering. The Bonds will be offered by way of transferable preferential subscription rights *(droits préférentiels de souscription)* (the "**Preferential Subscription Rights**") issued by the Company to its existing shareholders in a public offering in France and internationally in a private placement to institutional investors (the "**Rights Offering**").

This Private Placement Memorandum has been prepared for use solely in connection with the international private placement by the Company to institutional investors outside France. It has not been submitted to the clearance procedure of the French *Autorité des marchés financiers* (the "**AMF**") and may not be used in connection with any offer to the public in France to purchase or sell Preferential Subscription Rights or Bonds.

Chargeurs will attribute Preferential Subscription Rights free of charge to its existing shareholders of record as of the close of trading on March 12, 2010. Each existing Chargeurs share will entitle its holder to receive one Preferential Subscription Right. 25 Preferential Subscription Rights will entitle their holder to subscribe for 1 Bond at the subscription price of €55 per Bond by irrevocable entitlement (*à titre irréductible*). If holders of Preferential Subscription Rights elect to exercise their Preferential Subscription Rights, they may also subscribe for additional Bonds subject to *pro rata* reduction (*à titre réductible*) as described in this Private Placement Memorandum (see Section 5 "Terms and Conditions of the Offer" of the Securities Note included herein). Holders of Preferential Subscription Rights will be able to sell all, or part of, their Preferential Subscription Rights if they decide not to subscribe, or to subscribe only in part, for Bonds, subject, as applicable, to the restrictions on transfers described in this Private Placement Memorandum.

Pursuant to a letter addressed to the Company dated 11 March 2010, Pathé, the principal shareholder which holds 26.35% of the Company's share capital, has undertaken to the Company to subscribe (i) by irrevocable entitlement (*à titre irréductible*), to an amount of Bonds equal to all of its preferential subscription rights (i.e., 109,361Bonds), (ii) subject to pro rata reduction (*à titre réductible*), to up to 54,979 Bonds, and (iii) to all of the Bonds remaining unsubscribed at the end of the period for centralising subscriptions

The Preferential Subscription Rights will be detached from the underlying existing Chargeurs shares on March 15, 2010, and traded on Euronext Paris on the same date and until the end of the subscription period (i.e., until March 29, 2010). Shares will trade ex-rights beginning on March 15, 2010. Holders of Preferential Subscription Rights must exercise their rights on or before March 29, 2010. Preferential Subscription Rights not exercised by that time will expire.

Subscription Price: €55 per Bond

Investing in the Preferential Subscription Rights or the Bonds involves certain risks. See "Risk Factors" beginning on pages 14 and 108 herein, and beginning on page 29 of the 2008 Registration Document incorporated by reference herein, for certain of the factors you should consider before purchasing or subscribing Preferential Subscription Rights or Bonds.

The Preferential Subscription Rights, the Bonds and the Shares to be issued on conversion of, or payment of interest in respect of, the Bond have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and, subject to certain exceptions, may not be exercised, offered or sold within the United States. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act ("Regulation S") and within the United States to a shareholder that is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) in a private placement exempt from the registration requirements of the Securities Act. See "Offering and Selling Restrictions".

Delivery of the Bonds offered in the Rights Offering is expected to be made against payment on or about April 15, 2010.

The date of this Private Placement Memorandum is March 11, 2010.

IMPORTANT INFORMATION ABOUT THIS PRIVATE PLACEMENT MEMORANDUM

This Private Placement Memorandum is confidential. Investors are authorized to use this Private Placement Memorandum in connection with a private placement to institutional investors solely for the purpose of considering the purchase, exercise or subscription of the Preferential Subscription Rights or the Bonds described in this Private Placement Memorandum.

Investors may not reproduce or distribute this Private Placement Memorandum, in whole or in part, and investors may not disclose any of the contents of this Private Placement Memorandum or use any information herein for any purpose other than considering the purchase, exercise or subscription of Preferential Subscription Rights or Bonds. Investors agree to the foregoing by accepting delivery of this Private Placement Memorandum.

No person has been authorized to give any information or to make any representations in connection with the global offering other than those contained in this Private Placement Memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized by Chargeurs or by any other person. Neither the delivery of this Private Placement Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Chargeurs since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

This Private Placement Memorandum has been prepared by the Company on the basis that any person exercising Preferential Subscription Rights or purchasing Preferential Subscription Rights or Bonds is a person or entity having such knowledge and experience of financial matters as to be capable of evaluating the merits and risks of such purchase. Before making any investment decision with respect to the Preferential Subscription Rights and the Bonds, prospective investors should conduct such independent investigation and analysis regarding Chargeurs, the Preferential Subscription Rights and the Bonds as they deem appropriate to evaluate the merits and risks of such investment. In making any investment decision with respect to the Preferential Subscription Rights and the Bonds, investors must rely (and will be deemed to have relied) solely on their own independent examination of Chargeurs and the terms of the offering of the Bonds, including the merits and risks involved. Before making any investment decision with respect to the Preferential Subscription Rights and the Bonds, prospective investors should consult their own counsel, accountants or other advisers and carefully review and consider such investment decision in light of the foregoing.

Neither the Company nor its affiliates or representatives is making any representation to any recipient or purchaser of Preferential Subscription Rights or offeree, subscriber or purchaser of Bonds offered hereby regarding the legality of an investment by such recipient or purchaser of Preferential Subscription Rights or offeree, subscriber or purchaser of Bonds under appropriate legal investment or similar laws.

The Preferential Subscription Rights, the Bonds and the Shares to be issued upon conversion of or payment of interest paid in respect of the Bonds have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Preferential Subscription Rights and Bonds or the accuracy or adequacy of this Private Placement Memorandum. Any representation to the contrary is a criminal offence in the United States.

TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

This Private Placement Memorandum contains a non-certified English translation of the Securities Note and incorporates by reference a non-certified English translation of the French original 2008 Registration Document (as defined under “Incorporation by reference of certain information" below). In the event of any inconsistencies between statements contained in these translations and the portions of the text that have been translated herein from the Securities Note and the French original 2008 Registration Document, the text of the French documents shall be considered authoritative. Chargeurs does not assume any liability with respect to the free translations of the terms and conditions of the Bonds included in this Private Placement Memorandum.

Investors are urged to pay careful attention to the risk factors included in sections 2 and 9.4 of the Securities Note and included in section 1.2 of the 2008 Registration Document incorporated by reference herein before making their investment decision. The materialization of one or more of the risks described herein could have an adverse effect on the Company’s activities, condition, the results of its operations or on its targets. Furthermore, other risks not yet identified or not considered significant by the Company could have adverse effects and investors may lose all or part of their investment.

INCORPORATION BY REFERENCE OF CERTAIN INFORMATION

Except as may be otherwise stated herein, this Private Placement Memorandum incorporates by reference a non-certified English translation of the Company's Registration Document (the "**2008 Registration Document**"), a French version of which was registered on December 30, 2009, with the AMF under No. R.09-095, containing *inter alia* the consolidated financial statements of Chargeurs for the years ended December 31, 2008, 2007 and 2006, together with the report of Chargeurs's statutory auditors on such accounts.

Investors should not make an investment decision without reading carefully this Private Placement Memorandum together with the 2008 Registration Document incorporated by reference herein. Copies of the 2008 Registration Document are available free of charge at the Company's registered office (39-31, rue Washington, 75008 Paris, France) and on the Company's website (www.chargeurs.fr). Other than the 2008 Registration Document, neither the content of the Company's website nor the content of any website available from hyperlinks thereon is incorporated into, or forms part of, this Private Placement Memorandum.

SECTIONS EXCLUDED FROM THE 2008 REGISTRATION DOCUMENT

This Private Placement Memorandum incorporates by reference the Company's 2008 Registration Document, except for the sections excluded below:

In the 2008 Registration Document	Excluded Portion
Page 201	The second paragraph of the "Declaration by the person responsible for the Registration Document" under "Additional Information – 3.1. Person Responsible for the Registration Document and statutory auditors"
Page 170	Statutory auditors' report on forecasts

Investors should not make an investment decision based on any information contained in the excluded sections referred to above, and any references in this Private Placement Memorandum to the 2008 Registration Document shall be deemed to exclude references to these excluded sections.

OFFERING AND SELLING RESTRICTIONS

General

This Private Placement Memorandum does not constitute an offer of, or an invitation to subscribe for or purchase, any security other than the Preferential Subscription Rights or the Bonds offered hereby. The distribution of this Private Placement Memorandum and the offer or sale of the Preferential Subscription Rights or the Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Private Placement Memorandum comes are required to inform themselves about and to observe any such restrictions. For a description of certain restrictions relating to the offer and sale of the Preferential Subscription Rights and the Bonds, see below. Chargeurs does not accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Preferential Subscription Rights or Bonds, of any such restrictions. This Private Placement Memorandum does not constitute an offer of, or an invitation to subscribe for or purchase any Preferential Subscription Rights or any Bonds in any jurisdiction in which such offer or invitation would be unlawful.

No action has been taken in any jurisdiction by Chargeurs that would permit a public offering of the Bonds, other than in France. No offer or sale of the Bonds may be made in any jurisdiction except in compliance with the applicable laws thereof.

United States

The Preferential Subscription Rights, the Bonds and the Shares to be issued upon conversion of, or payment of interest in respect of, the Bonds have not been and will not be registered under the Securities Act or the securities law of any U.S. state, and, subject to certain exceptions, may not be exercised, offered or sold in the United States. The Bonds and Preferential Subscription Rights are being offered and sold outside of the United States in reliance on Regulation S. The Bonds are also being offered within the United States by the Company to one shareholder that is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and that must deliver a duly completed and executed investor letter, in a private placement exempt from the registration requirements of the Securities Act pursuant to Section 4(2) thereof. No other subscription forms from addresses located in the United States or bearing a U.S. postmark or that request delivery of the Bonds in the United States will be accepted. The subscription price paid in respect of exercise forms that do not meet the foregoing criteria will be returned without interest.

In addition, until 40 days after the commencement of the subscription period for the Bonds, an offer or sale of Bonds or Preferential Subscription Rights, Bonds or Shares issued upon conversion of, or payment of interest in respect of, the Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

France

This Private Placement Memorandum has not been and will not be submitted to the clearance procedure of the AMF, and accordingly may not be released, issued, or distributed, or caused to be released, issued, or distributed, directly or indirectly, to the public in France, or used in connection with any offer for subscription or sale of the Preferential Subscription Rights or the Bonds to the public in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code *(Code monétaire et financier*). For the purpose of the public offering of the Bonds in France and listing of the Preferential Subscription Rights or the Bonds on Euronext Paris, a French-language prospectus has been prepared, consisting of the Company's registration document (*document de référence*) registered with the AMF on December 30, 2009, under the number R.09-095 and a securities note (*note d'opération*), which includes the summary of the prospectus, which received visa number 10-044 from the AMF on March 11, 2010. Such French-language prospectus is the only document by which offers to purchase or subscribe for Bonds may be made to the public in France.

This Private Placement Memorandum is not to be further distributed or reproduced (in whole or in part) in France by the recipients of this Private Placement Memorandum, and this Private Placement

Memorandum has been distributed on the understanding that such recipients will only participate in the issue or sale of the Preferential Subscription Rights and/or the Bonds for their own account and undertake not to transfer, directly or indirectly, the Preferential Subscription Rights and/or the Bonds to the public in France, other than in compliance with all applicable laws and regulations and in particular with Articles L. 411-1, L. 411-2 and D. 411-1 to D. 411-4 of the French Monetary and Financial Code (*Code monétaire et financier*).

European Economic Area

Chargeurs has not authorised any offer to the public of Bonds or Preferential Subscription Rights in any Member State of the European Economic Area other than France.

With respect to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") (except for France), with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the "relevant implementation date") no Bonds or Preferential Subscription Rights have been offered or will be offered pursuant to the Rights Offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Bonds and Preferential Subscription Rights which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of Bonds and Preferential Subscription Rights may be made to the public in that Relevant Member State at any time:

(i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (1) an average number of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million; and (3) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts; or

(iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer to the public of Bonds or Preferential Subscription Rights shall result in a requirement for the publication by the Company or the Bookrunner of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this paragraph, the expression an "offer to the public of Bonds or Preferential Subscription Rights" in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Rights Offering and any Bonds or Preferential Subscription Rights to be offered so as to enable an investor to decide to purchase, or subscribe for any Bonds or Preferential Subscription Rights, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

In the United Kingdom, this Private Placement Memorandum is being distributed only to, and is directed only at, persons who are of a kind described in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or persons of any other description to whom it may otherwise lawfully be communicated or caused to be communicated in the United Kingdom (hereafter collectively referred to as "**Relevant Persons**"). The Preferential Subscription Rights, Bonds and any other investment activity to which this document relates is available in the United Kingdom only to Relevant Persons, and will be engaged in only with Relevant Persons. Any person in the United Kingdom other than a Relevant Person may not act or rely on this Private Placement Memorandum or any provision thereof. Persons distributing this Private Placement Memorandum must satisfy themselves that it is lawful to do so.

Canada, Australia and Japan

The Bonds and the Preferential Subscription Rights shall not be offered, sold or acquired in Canada, Australia or Japan.

NOTICE TO INVESTORS

Each purchaser of Preferential Subscription Rights or Bonds in connection with this private placement outside the United States in reliance on Regulation S will be deemed to have represented, acknowledged and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

- the purchaser is outside the United States;
- the purchaser is aware that the Preferential Subscription Rights, the Bonds and the Shares to be issued upon conversion of, or payment of interest in respect of, the Bonds have not been and will not be registered under the Securities Act and that they are being offered outside the United States in reliance on Regulation S;
- the Preferential Subscription Rights and the Bonds may not be resold in the United States except pursuant to an exemption from the registration requirements of the Securities Act;
- the purchaser may not engage in any directed selling efforts in the United States in connection with the reoffer or resale of the Preferential Subscription Rights or the Bonds; and
- if the purchaser is acquiring the Preferential Subscription Rights or the Bonds as a fiduciary or agent for one or more other investor accounts, with respect to each such account it has sole investment discretion and it has full power to make, and makes, these acknowledgements, representations and agreements on behalf of such accounts.

Chargeurs, its affiliates and others will rely upon the truth and accuracy of the purchaser's representations, acknowledgements and agreements, and each purchaser will be deemed to consent to Chargeurs giving instructions to any transfer agent of the Bonds to implement the transfer restrictions described herein.

In the United States, only one shareholder that is a "qualified institutional buyer" (as defined in Rule 144A of the Securities Act) and that delivers an investor letter to us may exercise Preferential Subscription Rights that they receive as shareholders or purchase on the market. No other exercise of Preferential Subscription Rights or purchase of Bonds in the United States will be permitted.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Private Placement Memorandum contains certain "forward-looking statements", including statements about the Company's objectives. These statements may address among other things, the financial condition, results of operations and business, including strategy for growth and market position, of Chargeurs. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements, including those discussed in sections 2 and 9.4 of the Securities Note and in section 1.2 of the 2008 Registration Document incorporated by reference herein, and in other public filings of Chargeurs with the AMF, press releases, oral presentations and discussions. Forward-looking statements include, among other things, discussions concerning the potential exposure of Chargeurs to certain risks, as well as statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions.

In addition to statements that are forward-looking by reason or context, the words "will", "believes", "targets", "anticipates", "intends", "should", "aims", "estimates", "considers", "wishes", "may", and similar expressions identify forward-looking statements. Such forward-looking statements are based on data, assumptions and estimates that the Company considers to be reasonable. They may change or be amended owing to uncertainties, related to the economic, financial, competitive and regulatory environment, many of which are outside Chargeurs's control. In addition, the Company's business activities and its ability to meet its targets may be affected if certain of the risks that are set forth in this Private Placement Memorandum, or in a document incorporated by reference herein, materialize. The Company does not undertake to meet or give any guarantee that it will meet the targets shown in this Private Placement Memorandum.

In light of these risks, the results of Chargeurs could differ materially from the forward-looking statements contained in this Private Placement Memorandum.

Investors should not place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of this Private Placement Memorandum. Chargeurs expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Private Placement Memorandum to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any forward-looking statement contained herein is based.

This English-language translation from the French-language original was prepared for your convenience. In the event of any inconsistency between this document and the French-language original, the latter shall prevail.

CHARGEURS
Société anonyme with a Board of Directors,
with a share capital of €1,660,335.52
Registered office: 29-31, rue Washington, 75008 Paris
Registered with the Paris Registry of Commerce and Companies under number 390 474 898

SECURITIES NOTE

Made available to the public in connection with the issuance and admission to Euronext Paris of €22,829,565 aggregate principal amount of subordinated bonds convertible into new shares (*obligations subordonnées convertibles*), with preferential subscription rights for existing shareholders on the basis of 1 bond for every 25 existing shares, with a nominal value of €55 per bond

Subscription period: from 15 March 2010 to 29 March 2010

[*Intentionally omitted*]

The prospectus (the "**Prospectus**") consists of:

- the reference document (*document de référence*) of Chargeurs (the "**Company**"), registered with the French market authority (*Autorité des Marchés Financiers*) on 30 December 2009 under No. R.09-095,
- this securities note, and
- a summary of the Prospectus (included in this securities note).

Copies of the Prospectus are available free of charge at the registered office of Chargeurs (29-31, rue Washington, 75008 Paris), on the web sites of the Company (www.chargeurs.fr) and of the AMF (www.amf-france.org) and are available from the Bookrunner.

Throughout this Prospectus, the terms "Chargeurs" and "Company" are used in reference to Chargeurs. The term "Group" designates the group of companies comprising the Company and all of its subsidiaries.

This Prospectus contains forward-looking statements and information regarding the Group's objectives. Such information may be identified by words such as "believes", "expects", "will", "estimates", "intends", "plans", "anticipates", "should" and variations of these words and similar expressions. Achievement of these objectives or forward-looking statements depends on circumstances or events that are expected to take place in the future. Forward-looking statements and objectives are subject to certain risks and uncertainties, both known and unknown. Actual results, performances and achievements may differ materially from those currently anticipated due to factors such as changes in general economic and market conditions, as well as the risk factors described in section 1.2 of the 2008 Registration Document and in section 9 of the securities note. The occurrence of any or all of these risks could have a negative impact on the business, financial position and results of the Group as well as on its ability to achieve its objectives.

Important notice

This Prospectus includes corrected consolidated financial statements for the year ended 31 December 2008. The Group decided to correct the consolidated financial statements for the year ended 31 December 2008, as approved by the Board of Directors on 5 March 2009 and by shareholders at the Annual General Meeting on 7 May 2009, after two errors were detected concerning (i) translation reserves and the carrying amount of inventories of a subsidiary in China and (ii) the method used to recognize actuarial gains and losses on a supplementary pension plan operated by a subsidiary in the United States. The financial statements correcting these errors were subject to an auditors' report, a free translation of which is included in section 1.4.1.6 of the 2008 Registration Document. A compatibility table showing the principal items of the consolidated financial statements for the financial year ended 31 December 2008, such as published, and the same corrected items is included as complementary information in note 37 to the consolidated financial statements for the financial year ended 31 December 2009, as included in chapter 9 of the securities note.

SECURITIES NOTE

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SUMMARY OF THE PROSPECTUS

[*Intentionally omitted*]

Notice to readers

This summary should be read as an introduction to the Prospectus. Any decision to invest in the financial instruments offered in the transaction described herein should be based on a thorough review of the Prospectus. If an action relating to the information contained in the Prospectus is brought before a court, the plaintiff investor may, pursuant to the domestic laws of the member states of the European Community or parties to the European Economic Area, be required to bear the cost of the translation of the Prospectus prior to the commencement of judicial proceedings.

The persons who have prepared the summary, including, as the case may be, its translation, and who requested the notification in accordance with Article 212-41 of the General Regulations of the AMF, are subject to civil liability only if the contents of the summary are misleading, inaccurate or contradict other parts of the Prospectus.

A. INFORMATION RELATING TO THE ISSUER

Company name, sector and main activities, nationality

Issuer	Chargeurs French *Société anonyme*
ICB classification sector	3000 “Consumer Goods” 3700 “Personal & Household Goods” 3760 “Personal Goods” 3763 “Clothing & Accessories”

Summary of activities

The Chargeurs group is a global, diversified group that invests for the long term and holds leadership positions in niche markets in manufacturing and in services. It is currently expanding in the areas of surface protection, with Chargeurs Protective Films, technical textiles, with Chargeurs Interlining, and raw material processing, with Chargeurs Wool. Chargeurs is listed on Euronext Paris (Compartment C).

Selected financial information

Income statement

(In millions of euros)	**Financial year ended 31 December *(audited information)***		
	2009	**2008[1]**	**2007**
Revenue	451.6	599.2	789.6
Operating profit/(loss)	(22.6)	(35.3)	28.7
Finance costs and other financial income and expense, net	(9.2)	(11.5)	(11.0)
Pre-tax profit/(loss) for the period	(34.3)	(54.7)	19.2
Profit/(loss) for the period	(46.0)	(60.5)	15.1
Profit/(loss) attributable to equity holders of the parent	(45.9)	(59.8)	15.4

1 *Corrected financial information (see note 37 of the financial statements for the financial year ended 31 December 2009 included in chapter 9 of the securities note and note 38 of the financial statements for the financial years ended 31 December 2008, 2007 and 2006 included in section 1.4.1 of the 2008 Registration Document).*

Balance Sheet

(In millions of euros)	31 December *(audited information)*		
	2009	**2008[1]**	**2007**
Non-current assets	170.6	196.3	226.4
Current assets	333.8	393.9	507.2
Assets for sale	5.8	-	-
Total Assets	**510.2**	**590.2**	**733.6**
Total shareholders equity	136.2	185.4	242.8
Non-current liabilities	116.6	62.9	74.3
Current liabilities	254.2	341.9	416.5
Liabilities for sale	3.2	**-**	**-**
Total equity and liabilities	**510.2**	**590.2**	**733.6**

1 Corrected financial information (see note 37 of the financial statements for the financial year ended 31 December 2009 included in chapter 9 of the securities note and note 38 of the financial statements for the financial years ended 31 December 2008, 2007 and 2006 included in section 1.4.1 of the 2008 Registration Document).

Main risk factors relating to the Company and its activities

Investors should take into consideration the risk factors described in chapter 1.2 of the 2008 Registration Document and in section 9 of the securities note, which includes the following risks:

- risks associated with the Group's operating segments, in particular the sensitivity of its business to economic cycles, the dependence on consumer spending in certain businesses, the raw material price risk, international presence risks, regulatory and technology risks;
- risks associated with the Group's operations, in particular the Group's restructuring risks, the competition risks, customer and supplier dependence risks, credit insurance risks, risks associated with suspending operations at Group plants, risks associated with acquisitions and equity investments and environmental risks;
- financial risks (market risks, credit risks, liquidity and currency risks); and
- risks associated with the Group's financial position.

Recent developments and outlook

The global economic and industrial crisis and the exceptional restructuring costs incurred by the Group in response to the situation caused results to deteriorate and the Group ended 2009 with a loss of €45.9 million on the back of a €59.8 million loss in 2008.

In August 2009, the Group began negotiations with its partner banks to consolidate its financing resources by restructuring part of its debt. On 7 January 2010 the Group signed an agreement with its partner banks, amended on 4 February 2010, (the "**Debt Restructuring Agreement**") in respect of over €80 million of short and medium-term credit facilities granted to the Interlining and Protective Films businesses, based on the following principles:

- The unconfirmed facilities would be combined into a single facility for a firm period of two years, effective from January 2010.
- Also effective from January 2010, a two-year payment holiday would be granted on the medium-term facilities, with payment due from the third to the fifth year.

The banks have agreed to the restructuring on condition that Chargeurs SA completes the issuance of convertible bonds, which are the subject of this Prospectus, no later than 30 April 2010.

This debt restructuring will allow the Group to improve its financial situation starting in financial year 2010. Thus, based on projected 2010 revenue of approximately €450 million, the Group expects to end the year with recurring operating profit of €16 million.

[*Intentionally omitted*]

B. INFORMATION RELATING TO THE OFFERING

Characteristics of the offering

Proceeds and purpose of the offering	This offering is a condition precedent of the completion of restructuring of the Group's bank debt as described in the Debt Restructuring Agreement entered into on 7 January 2010. The net proceeds from this offering will be allocated to increasing the capital of (i) Chargeurs SA by €6 million, and (ii) Chargeurs Entoilage, the holding company of the Group's Interlining business, by €16 million.
Issue size and gross proceeds	€22,829,565.
Net proceeds	Approximately €22.3 million.
Number of Bonds	415,083 subordinated bonds convertible into new ordinary shares (the "**Bonds**").
Nominal value of each Bond	€55.
Preferential subscription right	The following persons will have a preferential right to subscribe to the Bonds: - holders of existing shares recorded as book-entries in their securities accounts at the close of trading on 12 March 2010, or - purchasers of preferential subscription rights. Holders of preferential subscription rights will be entitled to subscribe: - by irrevocable entitlement (*à titre irréductible*), for 1 Bond for every 25 existing shares (i.e., 1 Bond for 25 preferential subscription rights at a price of €55 per Bond); and - subject to *pro rata* reduction (*à titre réductible*), for any additional Bonds over and above the initial entitlement represented by their preferential subscription rights, as described above.
Theoretical value of the preferential subscription right	€1.74 based on the closing price of the Chargeurs' shares on 10 March 2010.
Public Offer	From 15 March 2010 until 29 March 2010 (inclusive).
Intention of the principal shareholders	Pathé, the principal shareholder of the Company which holds 26.35% of its share capital, has confirmed to the Company its decision to subscribe to the issue by irrevocable entitlement (*à titre irréductible*), to an amount of Bonds equal to all of its preferential subscription rights, i.e., 109,361 Bonds, and subject to *pro rata* reduction (*à titre réductible*), to up to 54,979 Bonds. Furthermore, Pathé has undertaken to subscribe to all of the Bonds remaining unsubscribed at the end of the period for centralising subscriptions made by irrevocable entitlement and subject to *pro rata* reduction (*à titre irréductible et réductible*). Pathé keeps the possibility to acquire preferential subscription rights during the subscription period. Mr. Jérôme Seydoux and OJEJ, who hold together 0.41% of the Company's share capital, have decided to subscribe to the issue by irrevocable entitlement (*à titre irréductible*), to an amount of Bonds equal to all of their preferential

	subscription rights, i.e., a total of 1,693 Bonds. Mr. Eduardo Malone and Sofi Emy, who hold together 6.38% of the Company's share capital, have decided to subscribe to the bonds issue by irrevocable entitlement (*à titre irréductible*), to an amount of Bonds equal to all of their respective preferential subscription rights, i.e., a total of 26,493 Bonds. The Company does not know the intentions of its other principal shareholders to subscribe for the Bonds.
Issue Price of the Bonds	At par, payable in cash.
Issue Date, Settlement Date, Date as from which the Bonds carry full right	Scheduled for 15 April 2010 (the "**Issue Date**").
Annual gross yield to maturity of the Bonds	Not applicable.
Rating of the issue	Not applicable.
Listing of the Bonds	Scheduled for 15 April 2010 under ISIN code FR0010870931 on Euronext Paris.
Lock-up for shares and Bonds	The Company has undertaken that it will not, for a period of 180 calendar days, issue or sell its securities, subject to the certain exceptions. Pathé has undertaken that it will not sell Company's securities, for a period of 90 calendar days, subject to certain exceptions.

Indicative timetable of the issue

11 March 2010	**[***Intentionally omitted***]**
12 March 2010	Publication by the Company of a press release announcing **[***Intentionally omitted***]** the availability of the Prospectus Publication by NYSE Euronext of the notice relating to the Bonds issue
15 March 2010	Opening of the subscription period - Separation and commencement of trading of preferential subscription rights on Euronext Paris
29 March 2010	Close of the subscription period - End of trading of preferential subscription rights on Euronext Paris
12 April 2010	Publication by NYSE Euronext of the admission notice for the Bonds stating the final amount of the issue and stating the allotment ratio for subscriptions subject to *pro rata* reduction (*à titre réductible*)
15 April 2010	Settlement and delivery of the Bonds Admission to trading of the Bonds on Euronext Paris

Terms of the Bonds

Rank of the Bonds	The Bonds constitute subordinated, direct, unconditional and unsecured obligations of the Company.
Negative Pledge applicable to the Bonds	Only in respect of security interests (*sûretés*) granted to holders of other subordinated bonds issued by the Company.
Remuneration	In the event of redemption at maturity, the Bonds still outstanding will be remunerated on 1 January 2016 by the issue and allocation of 6.06 Chargeurs shares per Bond, subject to adjustments (the "**Interest**"). In the event of early redemption of the Bonds, whether voluntary or mandatory, or in the event of conversion of the Bonds, the remuneration will be paid *pro rata temporis* in accordance with the terms of section 4.1.7 of this securities note (the "**Interest Due**").
Term of the Bonds	5 years and 261 days.
Redemption at maturity	Redemption in full on 1 January 2016 (or, if that date is not a business day, the next following business day) at par.
Early redemption of the Bonds at the option of the Company by repurchases	The Company may, subject to prior unanimous consent of the banks party to the Debt Restructuring Agreement, at any time, redeem all or part of the Bonds without limitation as to price or quantity, by repurchases either on or off market or by means of public tender or exchange offers.
Early redemption of the Bonds at the option of the Company	The Company may, subject to prior unanimous consent of the banks party to the Debt Restructuring Agreement, at any time from 1 January 2012 until the maturity date of the Bonds, subject to at least 30 calendar days' prior notice, redeem all of the outstanding Bonds at par, if the arithmetic average, calculated over a period of 10 consecutive trading days from among the 20 trading days that precede the publication of a notice of such early redemption, of the opening trading prices of the Company's shares on Euronext Paris exceeds €6. Moreover, the Company may, subject to prior unanimous consent of the banks party to the Debt Restructuring Agreement, at any time, subject to at least 30 calendar days' prior notice, redeem all of the outstanding Bonds at par if less than 10% of the Bonds remain outstanding.
Early redemption of the Bonds	At par, upon the occurrence of certain events (in particular a default in payment by the Company or the non-execution of any provision relating to the Bonds).
Conversion of the Bonds into shares	At any time from the Issue Date until the seventh business day preceding the maturity date or the relevant early redemption date, the Bondholders may convert their Bonds at the ratio of 27 new shares of the Company for every 1 Bond, subject to adjustments.
Date as from which the shares issued or delivered upon conversion of Bonds carry full rights	The new shares will carry rights as from the first day of the financial year during which the date of the conversion of the Bonds occurs.
Applicable law	French law.

Summary of the main risk factors relating to the Bonds

The market for preferential subscription rights may be highly volatile and offer only limited liquidity.

Existing shareholders who do not exercise their preferential subscription rights will have their shareholding diluted.

The preferential subscription rights may be sold during the subscription period and the Bonds may be sold during or after the subscription period, which may have a negative effect on the market price of the Bonds or the preferential subscription rights.

In the event of a drop in the market price of the Company's shares during the subscription period, the preferential subscription rights may also lose some of their value.

The Bonds are complex securities comprising a debt component and an optional component relating to the Company's shares that are not necessarily suitable for all investors.

The Bonds are remunerated by allocation of Chargeurs shares.

The Bonds are subordinated securities.

Prior consent of the banks party to the Debt Restructuring Agreement must be obtained in the event of early redemption at the option of the Company.

The terms and conditions of the Bonds may be amended upon consent of the *masse* of Bondholders.

There can be no guarantee that a market will develop for the Bonds. If such a market were to develop, the market price of the Bonds could be subject to considerable volatility.

The market price of the Bonds will depend on several factors (market price of the Company's shares, volatility, interest rates, credit risk, level of dividends paid, etc.); the Bonds' price may fluctuate and fall below the subscription price of the Bonds.

Bondholders benefit from limited anti-dilution protection.

The Bonds' negative pledge clause allows the Company to freely dispose of its assets or grant security interests (*sûretés réelles*) over such assets.

The Company may not be able to repay the Bonds at their maturity.

Some of the terms and conditions of the Bonds may be discarded in the event of collective proceedings.

C. DILUTION AND SHARE CAPITAL

Shareholding

	29 January 2010		
	Number of shares	**% of share capital**	**% of voting rights**
PATHÉ (1)	2,734,035	26.35%	26.10%
OJEJ (1)	41,000	0.40%	0.50%
Mr. Jérôme Seydoux	1,341	0.01%	0.03%
Sofi Emy (2)	655,195	6.31%	6.25%
Mr. Eduardo Malone	7,163	0.07%	0.07%
Total Shareholders acting in concert	**3,438,734**	**33.14%**	**32.95%**
The Baupost Group	1,245,371	12.00%	11.89%
La Financière de l'Echiquier	650,000	6.26%	6.21%
HMG Finance	578,217	5.57%	5.52%
Treasury shares / liquidity contract	116,334	1.12%	-
Public	4,348,441	41.90%	43.43%
Total	**10,377,097**	**100%**	**100%**

(1) Companies controlled by Mr. Jérôme Seydoux
(2) Company controlled by Mr. Eduardo Malone

Dilution

As an illustration, the impact of the issue and the conversion of all the Bonds into new shares and the payment of the remuneration of the Bonds in new shares (in case of conversion of all the Bonds into shares on the seventh business day preceding the maturity date) on the shares in the consolidated shareholders' equity (group share) (*calculated on the basis of consolidated shareholders' equity attributable to the group as of 31 December 2009 – as set out in the consolidated accounts of 31 December 2009 – and the number of shares that make up the issued share capital on such date after deduction of treasury shares*) would be as follows:

	Shareholders' equity per share (in euros)
Prior to the issue of 415,083 Bonds	12.69
After issue and conversion of 415,083 Bonds into shares	7.10
After issue and conversion of 415,083 Bonds into shares and payment of interest in new shares (in case of conversion of all the Bonds into shares on the seventh business day preceding the maturity date)	6.48

As an illustration, the impact of the issue and the conversion of all the Bonds into new shares and the payment of the remuneration of the Bonds in new shares (in case of conversion of all the Bonds into shares on the seventh business day preceding the maturity date) on the shareholding of a shareholder not participating in the offering of the Bonds holding 1% of the Company's share capital prior to the issue (*calculated on the basis of the issued share capital as of 31 December 2009*) would be as follows:

	Shareholder's holding in %
Prior to the issue of 415,083 Bonds	1%
After issue and conversion of 415,083 Bonds into shares	0.48%
After issue and conversion of 415,083 Bonds into shares and payment of interest in new shares (in case of conversion of all the Bonds into shares on the seventh business day preceding the maturity date)	0.44%

D. PRACTICAL INFORMATION

Timetable and terms of subscription: See characteristics of the offering and the indicative timetable in section B above.

[*Intentionally omitted*].

Intermediary responsible for the financial services of the Bonds

BNP Paribas Securities Services, 11 rue Ella Fitzgerald 75019 Paris.

Investor contact

Mr. Christophe Pothier
Direction financière
Tel. (33-1) 71 72 33 50
Fax (33-1) 71 72 33 66

Ms. Martine Odillard
Direction de la Communication
Tel. (33-1) 71 72 31 90
Fax (33-1) 71 72 33 67

Availability of the Prospectus

The Prospectus is available free of charge at the administrative offices of Chargeurs (29-31, rue Washington, 75008 Paris), on the web sites of the Company (www.chargeurs.fr) and of the AMF (www.amf-france.org) and are available from the Bookrunner.

1 PERSONS RESPONSIBLE FOR THE PROSPECTUS

1.1 Persons responsible for the Prospectus

Eduardo Malone

Chairman and Chief Executive Officer (*Président Directeur Général*)

1.2 Certification of the persons responsible for the Prospectus

"I declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

[Intentionally omitted]

The Statutory Auditors have issued reports on the corrected consolidated financial statements for the years ended 31 December 2008, 2007 and 2006 and for the period from 1 January 2009 to 30 June 2009 presented in the original French 2008 Registration Document filed on 30 December 2009 with the AMF under No. R.09-095. These reports, a free English translation of which is presented in sections 1.4.1.6 and 1.4.2.2.7 of the 2008 Registration Document, contain the following observations:

- Concerning the corrected consolidated financial statements for the years ended 31 December 2008, 2007 and 2006:

″Without qualifying the opinion expressed above, we draw shareholders' attention to the "Important note" presented in the introduction of the financial statements regarding the corrections made to the financial statements for the year ended 31 December 2008 as published in March 2009 and approved by the general meeting of shareholders on 7 May 2009, which were the subject of our legal report of 20 March 2009.″

- Concerning the corrected interim financial statements for the six-month period ended 30 June 2009:

"Without qualifying the opinion expressed above, we draw shareholders' attention to the "Important note" presented in the introduction of the financial statements regarding the corrections made to the interim summary financial statements as of 30 June 2009 as published in the interim financial report dated 27 August 2009, which, pursuant to the Article L. 451-1-2 of the Financial and Monetary Code (*Code monétaire et financier*), were subject to our limited report of 27 August 2009."

The Statutory Auditors have issued a report on the consolidated financial statements for the financial year ended 31 December 2009, included in the securities note. This report, which is presented in section 9.2 of the securities note, contains the following observation:

″ Without qualifying our opinion, we draw your attention on the notes 1 and 37 to the consolidated financial statements which mention the corrections made to the 2008 financial statements."

Eduardo Malone

Chairman and Chief Executive Officer (*Président Directeur Général*)

1.3 Person responsible for financial information

Mr. Christophe Pothier

Chief Financial Officer (*Directeur Financer*)

2 RISK FACTORS

Prior to making an investment decision in the subordinated bonds convertible into shares (the "**Bonds**"), potential investors are invited to consider carefully all the information in this Prospectus. Investors should note that the list of risk factors below is not exhaustive and other risks and uncertainties not currently known to the Company or that it currently deems insignificant could also have a negative impact on its activity. Potential investors should undertake their own independent review of all the factors relative to an investment in the Bonds and carefully read all the information mentioned elsewhere in this Prospectus.

2.1 Risks relating to the Company

Risk factors relating to the Company and its activities are described in section 1.2 of the English language translation of the 2008 Registration Document (the "**2008 Registration Document**"), a French version of which was filed with the AMF on 30 December 2009 under No. R.09-095 and in section 9 of this securities note. In addition to these risk factors, potential investors are invited to consider the following risks relating to the preferential subscription rights and the Bonds prior to making an investment decision.

2.2 Risks relating to the preferential subscription rights and the Bonds

The market for preferential subscription rights may be highly volatile and offer only limited liquidity

No assurance can be given that a market for preferential subscription rights will develop. If such a market does develop, it may be subject to greater volatility than the market for the Company's existing shares. The market price of preferential subscription rights will depend on the market price of the Company's shares during the subscription period. In the event of a drop in the market price of the Company's shares during this period, the value of the preferential subscription rights may also fall. Holders of preferential subscription rights who choose not to exercise their preferential subscription rights may not succeed in selling them on the market.

Existing shareholders who do not exercise their preferential subscription rights will have their shareholding diluted

To the extent that shareholders do not exercise their preferential subscription rights, their voting rights and interests in the capital of the Company will be reduced due to the payment of interest on the Bonds in the form of new shares and in the event of conversion of the Bonds. If shareholders choose to sell their preferential subscription rights, the proceeds from the sale may not be sufficient to offset such dilution.

The Bonds' price may fluctuate and fall below the subscription price of the Bonds

No assurance can be given that the market price of the Bonds will not fall below the subscription price of the Bonds. In this case, the holders of the Bonds will incur a loss if the Bonds in question are immediately sold. In addition, no assurance can be given that, following the exercise of their preferential subscription rights, investors will be able to sell their Bonds at a price equal to or greater than the subscription price of the Bonds.

The volatility and liquidity of the Bonds could fluctuate significantly

In recent years the stock markets have experienced significant fluctuations that often bore no relation to the results of the companies whose shares have been traded. Market fluctuations and economic conditions may increase the volatility of the Bonds. The market price of the Bonds may fluctuate significantly in response to various factors and events, such as the risk factors described in the 2008 Registration Document and the market liquidity of the Bonds.

The Company's preferential subscription rights may be sold on the market during the subscription period and the Bonds may be sold on the market during or after the subscription period, which could have an adverse effect on the market price of the Bonds or on the value of the preferential subscription rights

The sale of preferential subscription rights on the market during the subscription period or the sale of Bonds on the market during or after the subscription period, or the market's anticipation that such sales may take place, could have an adverse effect on the market price of the Bonds or on the value of the preferential subscription rights. The Company cannot predict the possible effects of any such sales of Bonds or preferential subscription rights on the Bonds' market price or on the value of the preferential subscription rights.

If the Company's share price falls, the preferential subscription rights may lose their value

The market price of the preferential subscription rights will depend on the market price of the Company's shares. A fall in the market price of the Company's shares may have an adverse effect on the value of the preferential subscription rights.

Bonds are complex securities which may not necessarily be suitable for all investors

The Bonds are financial securities with a debt component together with an option linked to the underlying shares of the Company. Investors must have sufficient knowledge and experience of financial markets and sufficient knowledge of the Company to assess advantages and risks relating to the Bonds, as well as knowledge of and access to means of analysis in order to assess advantages and risks within their financial context. Investors must be in a position to understand circumstances in which conversion of the Bonds into new shares of the Company may be profitable for them. Bonds are not appropriate for investors who are not familiar with concepts such as redemption at maturity, early redemption, events of default or other financial notions governing this kind of instruments.

Investors must also possess sufficient financial resources to bear the risks of an investment in Bonds.

Terms and conditions of the Bonds may be amended upon consent of the *masse* of Bondholders

The Bondholders' general meeting may, with the consent of the Company's Board of Directors (*Conseil d'administration*) and, if applicable, of the extraordinary general meeting of the Company's shareholders, modify the terms and conditions of the Bonds, subject to the attending or represented Bondholders having approved the changes at a majority of two-thirds of the their votes. All Bondholders shall be bound by such approved modification.

The terms and conditions of the Bonds are based on applicable laws and regulations in effect as at the date of the Prospectus.

Legislative and regulatory changes could result in changes to the terms and conditions of the Bonds, which could affect their value.

It is not certain that a market will develop for the Bonds

An application has been made for admission of the Bonds to trading on Euronext Paris. However, there is no guarantee that an active trading market for the Bonds will develop or that Bondholders will be able to trade their Bonds on this market at a satisfactory price and with satisfactory liquidity. In addition, if such a market were to develop, the market price of the Bonds could be subject to considerable volatility.

Furthermore, trading of Bonds between institutional investors holding significant quantities is generally conducted off-market. Not all investors may be aware of this type of transactions and, in particular, of its price conditions.

There is no obligation to create a market for the Bonds.

The Bonds' market price will depend on several factors

The Bonds' market price will notably depend on the market price and the volatility of the Company's shares, on the level of interest rates, on the Company's credit risk and on the evolution of its valuation by the market and on the level of dividends paid by the Company. Therefore, a decrease in the market price or the volatility of the Company's shares, an increase in interest rates or in credit risk could have an adverse effect on the Bonds' market price.

The Bondholders benefit from limited anti-dilution protection

The Conversion Ratio applicable in the event of conversion of the Bonds into new shares and the amounts of Interest and of Interest Due (as defined in section 4.1.7 "Remuneration of the Bonds") will be adjusted only in the instances set out in section 4.2.6 "Maintenance of Bondholders' rights". Furthermore, the Conversion Ratio and the amounts of Interest and of Interest Due will not be adjusted in all cases where an event in relation to the Company or any other event will be capable of affecting the value of the Company's shares or, more generally, of having a dilution effect, in particular if there is an issue, without preferential subscription rights, of shares or securities giving access to the Company's share capital, a payment of dividends in shares, a free allocation of Company's shares to employees (or directors) or an allocation of Company stock options to the employees (or directors). The events for which an adjustment is not provided may have a negative effect on the value of the Company shares and, consequently, on the Bonds.

The Bonds are remunerated by allocation of Chargeurs shares

In case of redemption at maturity, the Bonds still outstanding will be remunerated on 1 January 2016 by the issue and allocation of 6.06 Chargeurs shares, subject to adjustments. In the event of early redemption or conversion of the Bonds this remuneration will be paid at *pro rata temporis* (see section 4.1.7 of this securities note). The share price may fluctuate significantly between the issue date of the Bonds and the redemption date (whether at maturity or earlier) or conversion date; furthermore, as described above, not every event capable of affecting the value of the Chargeurs shares' or of having a dilution effect will necessarily give rise to a right to adjust the remuneration. Consequently, the counter value in euros, as well as the rights attached to those shares issued for the remuneration of the Bonds, may differ significantly between the issue date and the date of payment of the remuneration.

The Bonds are subordinated securities

The Bonds constitute direct, unsecured and subordinated obligations of the Company, ranking equally amongst themselves and *pari passu* with all other unsecured and subordinated debts of the Company, present and future.

Subject to applicable legislation, in the event of a judicial liquidation (*liquidation judiciaire*) of the Company, the repayment of Bonds will be subordinated to the prior repayment of all the unsubordinated debts of the Company (including the debts resulting from the liquidation procedure) but will be made before the reimbursement of the *prêts participatifs* granted to the Company and "super subordinated" securities pursuant to the Article L. 228-97 of the French Commercial Code (*Code de commerce*).

If the unsubordinated debts of the Company are not entirely repaid during the liquidation procedure, the obligations of the Company in respect of the Bonds will be cancelled.

Prior consent of the banks party to the Debt Restructuring Agreement must be obtained in the event of early redemption at the option of the Company

In certain circumstances (average value of Chargeurs shares exceeding €6; less than 10% of the Bonds remain outstanding – see section 4.1.8.1.3 of this securities note), the Company may decide to proceed with an early redemption of the Bonds. Such early redemption is subject to a prior unanimous consent of the banks party to the agreement entered into on 7 January 2010 relating to the restructuring of the Company's debt. The time periods necessary to obtain such consent may be long; furthermore, in such case, those banks may refuse to give their consent, which would render the Company unable to repay the Bonds in time and in accordance with the determined conditions.

The negative pledge applicable to the Bonds does not affect the Company's capacity to dispose of its assets or to grant any security (*sûreté réelle*) over such assets

The rank of the Bonds does not affect in any way the Company's capacity to dispose of its assets or authorise any security (*sûreté réelle*) over such assets under any circumstances other than an issue of subordinated bonds (see section 4.1.5 "Status of the Bonds" below).

The Company will not be required to gross up payments in respect of the Bonds to offset a withholding tax that could be imposed

Payments of interest or principal in respect of the Bonds do not currently give rise to withholding tax (see section 4.1.14 "Withholding taxes on the remuneration and other revenues with respect to the Bonds paid to non-French tax residents"). If such a withholding tax were to be imposed, the Company would not be required to gross up payments in respect of the Bonds as compensation.

The Bonds are subject to limited financial restrictions

The terms and conditions of the Bonds do not require the Company to preserve financial ratios or specific levels of share capital, turnover, cash flows or cash assets and, consequently, they do not authorize the Bondholders to declare the early redemption of the Bonds in the event of an unfavourable change in the financial position of the Company affecting such financial ratios or specific levels of share capital.

The Company may be unable to repay the Bonds

The Company may be unable to repay the Bonds at the maturity date. The Company's capacity to redeem the Bonds will in particular depend on its financial situation at the time of redemption and may be limited by the terms of its indebtedness and by any new financing in place at that date which could replace, add to or modify the existing or future debt of the Company.

Some Bondholders may be subject to a currency risk

Payments in respect of the Bonds shall be made in euros. All Bondholders whose financial activities are carried out mainly in currencies other than the euro should take into consideration the risk of fluctuations of the exchange rate with the euro, as well as changes to the rules affecting exchange rates. An appreciation of a Bondholder's reference currency value compared to the euro would reduce the exchange value of payments (in cash) made in respect of the Bonds .

Furthermore, governments and monetary authorities could set controls over exchange rates (as some of them have done in the past) which could affect the applicable exchange rate. As a result, Bondholders could receive a lower amount in principal than that expected.

The provisions relating to the Bonds may be set aside if the Company becomes subject to an insolvency procedure under French law

Under French insolvency law, holders of debt securities (including the Bondholders) issued in France or in a foreign jurisdiction are automatically grouped into a single assembly of holders in the event that one of the following procedures is opened in France with respect to the Company: a safeguard procedure (*procédure de sauvegarde*) or a judicial recovery and winding-up procedure (*procédure de redressement judiciaire*). Provisions relating to the representation of the Bondholders will not apply to the extent that they are not consistent with compulsory insolvency law provisions that apply in these circumstances.

The insolvency law provisions provide that the single assembly of holders is in charge of defending their common interests (including those of the Bondholders) and can deliberate on any proposed safeguard (*projet de plan de sauvegarde*) or judicial reorganisation plan (*projet de plan de redressement*), as the case may be. The single assembly may in particular agree to (i) increase the liabilities (*charges*) of holders of debt securities (including those of Bondholders) by rescheduling payments or partially or totally writing off debt securities, (ii) establish unequal treatment between holders of debt securities (including Bondholders) as appropriate under the circumstances, or (iii) decide to convert debt securities (including those of the Bondholders) into securities that give or may give access to share capital.

The decisions of the sole general meeting are made with a two-thirds majority of the amount of bond debt held by the holders of securities having voted, notwithstanding any clause to the contrary and independent of the law applicable to the issuance contract. No quorum is applicable.

3 KEY INFORMATION

3.1 [*Intentionally omitted*]

[*Intentionally omitted*].

3.2 Proceeds and purpose of the issue

This bond issue is a condition precedent of the completion of the restructuring of the Group's bank debt pursuant to the Debt Restructuring Agreement entered into on 7 January 2010 (as described in sections 1.2.5 of the 2008 Registration Document and 9.4 of this securities note). The net proceeds from this issue will be allocated to increasing the capital of (i) Chargeurs SA by €6 million, and (ii) Chargeurs Entoilage, the holding company of the Group's Interlining business, by €16 million.

4 DESCRIPTION OF THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING ON EURONEXT PARIS

4.1 Terms and conditions of the Bonds

4.1.1 Description of the Bonds for which application for admission to listing and trading has been made

The issue will be for a nominal amount of €22,829,565, represented by 415,083 Bonds, with a nominal value of €55 per Bond.

The Bonds to be issued by the Company constitute securities giving access to share capital within the meaning of Articles L. 228-91 *et seq.* of the French Commercial Code (*Code de commerce*).

Listing and admission to trading on Euronext Paris are expected to take place on 15 April 2010 under ISIN code FR0010870931. No application has been made to list the Bonds on another market.

4.1.2 Governing law and jurisdiction

The Bonds are governed by French law and the courts having jurisdiction in the event of a dispute are those where the registered office of the Company is located when the Company is the defendant and, in other cases, are designated according to the nature of the dispute, unless provided otherwise by the French Civil Procedure Code (*Code de procédure civile*).

4.1.3 Form and book-entry recording of the Bonds

The Bonds may be in either registered (*forme nominative*) or bearer (*au porteur*) form, at the option of the Bondholders.

Pursuant to Article L. 211-3 of the French Monetary and Financial Code *(Code monétaire et financier)*, the Bonds will be required to be recorded as book-entries in accounts held, as the case may be, by the Company or by an authorised financial intermediary (*intermédiaire financier habilité*).

Consequently, Bondholders' rights will be evidenced by a book-entry in accounts held in their name by:

- BNP Paribas Securities Services, acting on behalf of the Company in respect of fully registered Bonds (*forme nominative pure*);
- an authorised financial intermediary (*intermédiaire financier habilité*) selected by the Bondholders and BNP Paribas Securities Services, acting on behalf of the Company, in respect of Bonds in registered form (*forme nominative administrée*); or
- an authorised financial intermediary (*intermédiaire financier habilité*) selected by the Bondholders in respect of Bonds in bearer form (*au porteur*).

No physical document of title (including representative certificates pursuant to Article R. 211-7 of the French Monetary and Financial Code (*Code monétaire et financier*) will be issued to represent the Bonds.

Pursuant to Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code *(Code monétaire et financier)*, the Bonds are transferred by account transfer and the transfer of ownership of Bonds will occur upon their registration in the buyer's account.

An application will be made to admit the Bonds being issued to the clearing procedures of Euroclear France, which will ensure the clearing of Bonds between bookkeepers (*teneurs de compte-conservateurs*). An application will also be made for acceptance for clearance through Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* (Luxembourg).

The Bonds will be recorded as book-entries (*inscrits en compte*) and negotiable as of 15 April 2010, in accordance with the indicative timetable for the settlement and delivery of the Bonds.

4.1.4 Currency of the issue

The Bonds will be denominated in euros.

4.1.5 Status of the Bonds

4.1.5.1 Rank

The Bonds constitute subordinated, direct, unconditional and unsecured obligations of the Company, ranking equally amongst themselves and, subject to exceptions imposed by French law, *pari passu* with all other unsecured and subordinated debts of the Company, present and future.

Subject to applicable legislation, in the event of a judicial liquidation (*liquidation judiciaire*) of the Company, the repayment of Bonds will be subordinated to the prior repayment of all unsubordinated debts of the Company (including debts resulting from the liquidation procedure) but will be made before the reimbursement of the *prêts participatifs* granted to the Company and the "super subordinated" securities created pursuant to the Article L. 228-97 of the French Commercial Code (*Code de commerce*).

4.1.5.2 Negative pledge

So long as any of the Bonds remain outstanding, the Company undertakes not to grant to holders of other subordinated bonds issued by the Company, any mortgage (*hypothèque*) over its present or future assets or real property interests, any pledge (*nantissement*) over all or part of its business (*fonds de commerce*) or any other security interest (*sûreté réelle*) over its present or future assets or income, without granting the same security interest and rank to the Bondholders. Such undertaking is given only in relation to security interests given for the benefit of other subordinated bondholders and does not affect in any way the right of the Company to dispose of its assets or to grant any security interest (*sûreté réelle*) in respect of such assets in any other circumstance.

4.1.5.3 Additional issues

If the Company subsequently issues additional bonds that offer in all respects the same rights as the Bonds, the Company may, without the consent of the Bondholders, and provided that the terms and conditions of all such bonds so permit, consolidate (*assimilation*) bonds of any such further issues with the Bonds, thereby treating such bonds as the same issuance for the purposes of trading and fiscal agency servicing. All of such bondholders would then be grouped together in a common collective group (*masse unique*).

4.1.6 Rights and restrictions attached to the Bonds and exercise of these rights

The Bonds give right to remuneration in the form of the Company's shares and will be redeemed at maturity or upon early redemption in accordance with section 4.1.8 "Redemption date and redemption provisions".

The Bonds may also be converted into the Company's shares, in accordance with section 4.2 "Conversion of the Bonds into Company shares".

No specific restrictions are attached to the Bonds.

4.1.7 Remuneration of the Bonds

In the event of redemption at maturity, the Bonds still outstanding will be remunerated on 1 January 2016 by the issue and allocation of 6.06 Chargeurs shares per Bond, subject to further adjustments (the "**Interest**").

In the event of early redemption or conversion of the Bonds, the remuneration will be paid *pro rata temporis* in accordance with the terms defined in below (the "**Interest Due**").

In the event of early redemption of the Bonds, the Interest Due will be equal to the product of (a) the Interest and (b) (x) the exact number of days between the Issue Date and the early redemption date of the Bonds divided by (y) the exact number of days between the Issue Date and the maturity date of the Bonds, i.e., 2,087 days.

In the event of conversion of the Bonds, the Interest Due will be equal to a number of shares defined, subject to adjustments (see section 4.2.6.(c)), for each financial year during which conversion may occur:

Financial year during which conversion may occur	Interest Due amount
2011	0.76 share
2012	1.82 shares
2013	2.88 shares
2014	3.94 shares
2015	5 shares

If the number of shares allocated to a Bondholder in respect of the Interest (in the event of adjustment of the Interest amount – see section 4.2.6.(c)) or the Interest Due is not a whole number, the Bondholder will be entitled to receive:

– the whole number of shares immediately below; in this case, the Bondholder will receive a cash sum equal to the product of the fraction of the share and the value of the share, equal to the last quoted price on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) on the trading day prior to (i) the publication by NYSE Euronext of the notice concerning the early redemption of the Bonds (pursuant to section 4.1.8.2.) or (ii) the day on which the request for the exercise of the Conversion Right (as defined in section 4.2.1.) is made; or

– the whole number of shares immediately above, provided that the Bondholder pays to the Company a sum in cash equal to the additional fraction of the share so requested, calculated on the terms set out in the above paragraph.

If the Bondholder does not specify which option he elects, he will be granted the whole number of Company shares immediately below, plus an additional sum such as described above.

4.1.8 Maturity date and terms of redemption of the Bonds

4.1.8.1 Redemption of the Bonds

4.1.8.1.1 Redemption at maturity

Unless they have been previously redeemed, exchanged for or converted into shares pursuant to the terms and conditions set out below, the Bonds will be redeemed in full at par plus Interest on 1 January 2016 (or, if that date is not a business day, the next following business day).

The redemption price will escheat to the French State after a period of 10 years from redemption at maturity or from the date of early redemption.

4.1.8.1.2 Early redemption by repurchase or public offer or an exchange offer

The Company may, subject to prior unanimous consent of the banks party to the Debt Restructuring Agreement, redeem the Bonds, at any time, in whole or in part and without restriction as to price or quantity, by repurchasing Bonds on or off the market or by means of a public offer or an exchange offer.

Subject to provisions of clause 2 of section 4.1.8.1.3 "Early redemption at the option of the Company" below, any such reimbursement will not affect the due date for redemption at maturity of any Bonds still outstanding.

4.1.8.1.3 Early redemption at the option of the Company

1. The Company may, subject to prior unanimous consent of the banks party to the Debt Restructuring Agreement, at any time from 1 January 2012 until the maturity date of the Bonds, subject to at least 30 calendar days' prior notice, as provided for in section 4.1.8.2 "Publication of information on redemption at maturity or on early redemption of the Bonds", redeem all of the outstanding Bonds at par, if the arithmetic average, calculated over a period of 10 consecutive trading days from among the 20 trading days that precede the publication of a notice of such early redemption, of the opening trading prices of the Company's shares on Euronext Paris exceeds €6.

   A "**trading day**" is any business day on which NYSE Euronext trades shares on its market, other than a day on which such trading ceases prior to the usual closing time.

   A "**business day**" is any day (other than a Saturday or Sunday) on which banks are open in Paris and on which Euroclear France operates.

2. The Company may, subject to prior unanimous consent of the banks party to the Debt Restructuring Agreement, at any time, subject to at least 30 calendar days' prior notice, in accordance with section 4.1.8.2 "Publication of information on redemption at maturity or on early redemption of the Bonds", redeem all of the outstanding Bonds at par if less than 10% of the Bonds remain outstanding.

3. In each of the cases specified in clauses 1 and 2 above, the Bondholders will remain entitled to exercise their Conversion Right in accordance with the provisions of section 4.2.3 "Exercise period and Conversion Ratio" below, until and including the seventh business day preceding the early redemption date.

4.1.8.1.4 Early redemption

The Representative of the *Masse* (as defined in section 4.1.10 "Representation of Bondholders") may, upon a decision of the Bondholders' general meeting in compliance with quorum and majority conditions required, by written notification addressed to the Company and with a copy to the Centralising Agent (as defined in section 5.4.2 "Details of intermediaries responsible for the financial services of the Bonds"), require that all the Bonds be redeemed at par plus, when possible, accrued Interest Due, upon the occurrence of any of the following events:

- in the event the Company fails to make payment, on due date, of any sum due in respect of the Bonds and if the Company does not remedy such default within 15 calendar days from such due date;

- if the Company breaches any of the other obligations pursuant to the terms and conditions of the Bonds and does not correct such breach within 30 calendar days from the date the Company receives written notice of such breach from the Representative of the Masse; and

- if the Company is subject to a conciliation procedure (*procédure de conciliation*) as provided under Articles L. 611-4 et seq. of the French Commercial Code (*Code de commerce*) or judicial liquidation proceedings (*procédure de redressement ou de liquidation judiciaire*) or total transfer of its assets (*cession totale d'actifs*).

4.1.8.2 Publication of information upon redemption at maturity or early redemption of the Bonds

Information concerning the number of Bonds redeemed or converted and the number of Bonds still outstanding will be provided periodically to NYSE Euronext to be made public and may also be obtained at any time from the Company or from the intermediary responsible for the financial services of the Bonds as set out in section 5.4.2 ("Details of the intermediaries responsible for the financial services of the Bonds").

When it decides to redeem all outstanding Bonds on or prior to the maturity date, the Company must publish a notice, no later than 30 calendar days prior to the maturity or early redemption date, in the French *Journal Officiel* (to the extent required by applicable law or regulations at that time). This information shall also be published in a financial newspaper with national circulation in France and in a notice published by NYSE Euronext.

4.1.8.3 Cancellation of the Bonds

Bonds redeemed on or prior to maturity, Bonds repurchased on or off the market or by way of public tender or exchange offers, as well as converted Bonds, will be cancelled in accordance with applicable law.

4.1.9 Annual gross yield to maturity

Taking into account the remuneration of Bonds in the form of the Company's shares, it is not possible to calculate the annual gross yield.

4.1.10 Representation of Bondholders

In accordance with Article L. 228-103 of the French Commercial Code (*Code de commerce*), the Bondholders are grouped together to ensure the defence of their common interests in a collective group (the "**Masse**"), which has legal personality. The general meeting of Bondholders is competent to authorise any proposal to amend the terms and conditions of the Bonds and deliberate on and authorise any decision which applicable law requires to be submitted for its approval. The general meeting of Bondholders shall also deliberate on any merger or demerger proposal of the Company in accordance with Articles L. 228-65, I, 3°, L. 236-13, L. 236-18 and L. 228-73 of the French Commercial Code (*Code de commerce*).

Under current French law, each Bond gives right to one vote. The general meeting of Bondholders validly deliberates when first convened only if the attending or represented Bondholders hold at least one quarter of the Bonds with voting rights, and at least one fifth when reconvened. A majority of two-thirds of the voting rights held by the attending or represented Bondholders is required for decisions to be taken.

Initial representative of the masse of the Bondholders

In accordance with Article L. 228-47 of the French Commercial Code (*Code de commerce*), the initial representative of the Masse (the "**Representative of the Masse**") shall be:

Alexandre Chenesseau, 25 avenue du Maine, 75015 Paris.

The Representative of the Masse will have the power, in the absence of any resolution of the general meeting of the Bondholders to the contrary, to carry out, on behalf of the Masse, all management actions necessary to protect the common interests of the Bondholders.

He will exercise his duties until his death, resignation or until his position is revoked by the general meeting of the Bondholders or until he becomes incompatibly conflicted. His appointment will automatically cease on the date of final or total redemption, prior to maturity or otherwise, of the Bonds. This appointment will be automatically extended, where applicable, until the final conclusion of any legal proceedings in which the representative is involved and the enforcement of any judgment rendered or settlements made.

Alternative representative of the Masse

The alternative representative of the Masse shall be:

Paul Misserey, 25 rue Lecourbe, 75015 Paris.

This alternative representative of the Masse may be called to replace the Representative of the Masse if he has ceased to act.

General

The compensation of the Representative of the Masse shall be €400 per year, payable on 1 January (or the following business day) of each year from 2011 to 2016 inclusive, insofar as there are Bonds outstanding at such time.

The Company will be responsible for the payment of the Representative of the Masse's compensation and the costs of convening and holding general meetings of the Bondholders and publishing their decisions, as well as expenses related to the designation of the Representative of the Masse pursuant to Article L. 228-50 of the French Commercial Code (*Code de commerce*) and, more generally, all duly incurred and justified administrative and operational fees of the Masse.

General meetings of the Bondholders will be held at the registered office of the Company or such other place as may be specified in the relevant notices of the meeting. Each Bondholder will have the right, during the 15-day period preceding the general meeting of the Masse, to examine and make copies of, or to cause an agent to do so on its behalf, at the registered office or administrative headquarters of the Company or, as the case may be, at such other place as may be specified in the notice for such meeting, the text of the resolutions to be proposed and any reports to be presented to the meeting.

In the event that future issues of bonds give their holders rights identical to those of the Bonds and if the terms of the bonds so allow, holders of all such bonds shall be grouped together in a single Masse.

4.1.11 Resolutions and decisions in respect of the issue of the Bonds

4.1.11.1 Shareholders approval granted by a general meeting

At the ordinary and extraordinary general meeting of shareholders held on 8 February 2010, the shareholders of the Company adopted the sixth resolution presented below:

"Authorization for the Board of Directors to issue shares and/or securities carrying immediate and/or deferred rights to the Company's shares or to debt securities, with preemptive rights for existing shareholders

Having considered the report of the Board of Directors and the Auditors' special report, in accordance with the French Commercial Code – notably Articles L. 225-129 et seq., L. 225-132 to L. 225-134 and L. 228-91 to L. 228-97 – and subject to the adoption of the fifth resolution submitted above, the Special General Meeting:

1. *authorizes the Board of Directors to issue, on one or more occasions, shares of the Company and/or securities carrying immediate and/or deferred rights to the Company's shares or to debt securities, with pre-emptive rights for existing shareholders. The Board of Directors shall have full discretionary powers – which may be delegated in accordance with the applicable laws and regulations – to determine the amount and timing of said issue(s), which may be carried out in France or abroad and may be denominated in euros, foreign currencies or any monetary unit determined by reference to a basket of currencies.*
2. *resolves that the issue(s) may be paid up in cash, by offsetting receivables, and/or by capitalizing reserves, profits or share premiums. No preference shares or securities carrying immediate or deferred rights to preference shares may be issued.*
3. *resolves that the aggregate par value of the shares issued under this authorization, directly and/or on conversion, exchange, redemption or exercise of other securities, may not exceed €30 million, and that the maximum amount of the related capital increase(s) may not represent more than €30 million including any issue premiums.*
4. *resolves that the securities carrying rights to the Company's shares or to debt securities issued under this authorization may consist of debt securities or securities associated with the issue of debt securities or securities allowing the issue of intermediate debt securities. The maximum aggregate nominal value of debt securities issued under this authorization, either immediately or in the future, may not exceed €30 million or the equivalent of this amount in the case of securities denominated in a foreign currency or a monetary unit determined by reference to a basket of currencies.*

5. *notes that this authorization automatically entails the waiver of shareholders' preemptive rights to subscribe any shares of the Company issued on exercise of the rights attached to securities carrying rights to shares issued pursuant to this authorization.*

6. *resolves that shareholders will have a pre-emptive right to subscribe the shares and/or other securities issued under this authorization, as provided for by law, pro rata to their existing shareholdings. The Board of Directors may also give shareholders a pre-emptive right to subscribe any shares and/or other securities not taken up by other shareholders. In this case, if the issue is oversubscribed, this secondary pre-emptive right will also be exercisable pro rata to the existing shareholdings of the shareholders concerned. If the entire issue is not taken up by shareholders exercising their pre-emptive rights, the Board of Directors may take one or more of the following courses of action, in the order of its choice: (i) limit the amount of the issue to the subscriptions received, subject to the applicable legal conditions and provided that at least three-quarters of the issue is taken up; (ii) freely allocate all or some of the unsubscribed shares or other securities among the investors of its choice; or (iii) offer them for subscription by the public.*

7. *resolves that the Board of Directors shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to:*

   - *set the characteristics of the shares and/or other securities to be issued, including their issue price (which may or may not include a premium), the method of payment of the subscription price, and their cum-rights date.*
   - *in the event of an issue of equity warrants, set the number and characteristics of the warrants, and decide, if it deems fit and subject to the terms and conditions set by the Board, that the warrants may be (i) redeemed or bought back, or (ii) allocated to shareholders free of consideration pro rata to their existing shareholdings.*
   - *more generally, decide on the form of the securities to be issued, and notably the terms and conditions applicable for allocating shares. In the case of bonds, the Board of Directors shall be authorized to determine (i) the term of the bonds, (ii) whether the debt should be subordinated or unsubordinated, (iii) the issue currency, (iv) the terms of redemption of the principal, which may or may not include a call premium, (v) the terms and conditions of repayments in installments,(vi) any early redemption terms, (vii) the interest rate (i.e., fixed or variable), and (viii) the interest payment date. The interest payable on any such securities may include a variable portion calculated by reference to the Company's business and earnings and/or a deferred payment provision in the event that the Company does not have any distributable profit.*
   - *decide to use any shares purchased under a shareholder-approved share buyback program for allocation on the exercise of rights to shares by holders of securities issued in accordance with this authorization.*
   - *take all measures to preserve the rights of existing holders of securities, as required in accordance with the applicable laws, regulations and contractual provisions.*
   - *Suspend, where appropriate, the exercise of the rights attached to said securities for a fixed period, in accordance with the applicable laws and regulations.*
   - *Place on record the completion of any issue(s) of shares and/or other securities and amend the bylaws accordingly, charge the issuance costs against the related premium, and deduct from the premium the amount necessary to increase the legal reserve to 10% of the new capital after each issue.*
   - *Take any measures and carry out any formalities required for the issued securities to be listed on a regulated market.*

8. *resolves that the Board of Directors shall determine, in compliance with both the applicable laws and regulations and any contractual provisions, the adjustments to be made to the above-mentioned two ceilings of €30 million if additional securities are issued to protect the rights of existing holders of securities in the event of further corporate actions.*

9. *resolves that this authorization will be valid for a period of twenty-six months as from the date of this Meeting."*

4.1.11.2 Decision of the Board of Directors and delegation of powers granted to the Chairman and Chief Executive Officer (*Président Directeur Général*)

Pursuant to the authorisation granted by the sixth resolution of the ordinary and extraordinary general meeting of the shareholders held on 8 February 2010, the Board of Directors, in its meeting on 11 March 2010, decided to proceed with the issue of bonds convertible into new shares, determined certain terms and conditions or certain limits for the issue, and sub-delegated all powers necessary to carry out this issue and to decide the final terms and conditions to the Chairman and Chief Executive Officer (*Président Directeur Général*).

On 11 March 2010, in application of the sub-delegation granted to him by the Board of Directors, the Chairman and Chief Executive Officer (*Président Directeur Général*) set the terms and conditions of the Bonds as indicated in this securities note.

4.1.12 Expected Issue Date

The Bonds are expected to be issued on 15 April 2010 (the "**Issue Date**").

This date is also the date as from which the Bonds will carry full rights and the settlement date.

4.1.13 Restrictions on the transferability of the Bonds

Subject to the selling restrictions described in section 5.2 "Plan of distribution and allocation of the Bonds" below, there is no limitation on the transferability of the Bonds under the terms and conditions provided herein.

4.1.14 Withholding tax on the remuneration and other income paid in respect of the Bonds to non-French tax residents

The following provisions summarize certain French tax consequences that may apply to Bondholders. This description is based on current French tax law and may be changed by any modification to the relevant French tax laws or to their interpretation by the French tax authorities.

This information constitutes only a summary of the relevant tax regime and investors should consult with their regular tax adviser with respect to the tax regime applicable to their particular situation.

Non-French resident investors must also comply with the tax laws of their country of residence, as may be modified pursuant to the relevant double tax treaty signed between France and such country.

4.1.14.1 Tax regime applicable to individuals residing in France holding Bonds in their private portfolio and not effectuating market transactions in conditions analogous to those that would characterise an activity performed by a professional certified for this type of transaction

The following provisions summarize the French tax consequences that may apply to individuals residing in France not effectuating market transactions in conditions analogous to those that would characterise an activity performed by a professional certified for this type of transaction. Individuals who effectuate such transactions should consult with their regular tax adviser with respect to the tax regime applicable to their particular situation.

i) Remuneration of the Bonds

Under current legislation, the remuneration of the Bonds (whether in shares – in which case their counter value in euros is taken into account - or in cash) is:

(a) either included in the global base remuneration subject to the income tax's progressive tax scale, to which are added:

- a general social contribution (CSG) at a rate of 8.2%, of which 5.8% is deductable from the global income subject to taxation on income for the year of the CSG payment;
- a social charge of 2%, non-deductible from the base income tax;
- an additional social charge at a rate of 1.1%, non-deductable from the base income tax;
- a contribution for the reimbursement of social debt (CRDS) at a rate of 0.5%, non-deductable from the base income tax;
- an additional social contribution at a rate of 0.3%, non-deductable from the base income tax.

(b) or, at the beneficiary's option, subject to a withholding at source at the rate of 18%, to which the social charges are added at a global rate of 12.1% (for an effective global tax rate of 30.1%) which breaks down as follows:

- a general social contribution (CSG) at a rate of 8.2%, non-deductible from the base income tax;
- a social charge of 2%, non-deductible from the base income tax;
- an additional social charge of 1.1%, non-deductible from the base income tax;
- a contribution for the reimbursement of social debt (CRDS) at a 0.5% rate, non-deductible from the base income tax;
- an additional contribution to the social charge at a 0.3% rate, non-deductible from the base income tax.

(ii) Capital gains or losses incurred on sale or transfer of Bonds

Under current legislation, capital gains incurred by a sale or transfer of Bonds by individuals domiciled in France are subject to an 18% income tax when the annual amount of transfers of securities (or their equivalent) exceeds the fixed amount of €25,830 per tax household. This rate applies to any transfers made on or after 1 January 2010. This amount is revised each year in proportion to the maximum limit of the first *tranch*e of the income tax scale for the year preceding the transfer and the threshold amount used in the current year.

Capital gains are also subject to the following social charges, regardless of the amount of transfers made by a tax household in the year of the relevant transfer:

- a general social contribution (*CSG*) at a rate of 8.2%
- a social charge of 2%
- an additional social charge at a rate of 1.1%
- a contribution for the reimbursement of social debt (CRDS) which is made at a rate of 0.5%
- an additional contribution to the social charge at a rate of 0.3%

Provided that the transfer threshold is not exceeded, the total amount of capital gains tax payable is 12.1%. If such threshold is exceeded, the rate of tax will be 30%.

With respect to income tax, capital losses on transfers of securities are set off against capital gains realised during the same year or during the course of the next ten years, provided that the amount of securities transfers made by members of the same tax household during the year the capital loss was incurred does not exceed the fixed threshold of €25,830. This rule applies to all transfers made on or after 1 January 2010 (the threshold is updated annually, as described above).

With respect to social charges, capital losses incurred on transfers of securities are set off against capital gains realised during the same year or during the course of the next ten years, regardless of the amount of capital gains realised from securities transfers made by members of the same tax household during the year the capital loss was incurred.

iii) French wealth tax

Bonds that are privately held by individuals are taxable and are subject, if applicable, to the French wealth tax (*impot de solidarité sur la fortune*).

iv) Rights of succession and donation

Bonds that are transferrable by succession or by donation give rise to rights of succession and donation in France.

4.1.14.2 Withholding tax on the remuneration and other income pain in respect to the Bonds to non-French tax residents

i) French withholding tax

The following summarises the French tax consequences applicable under current French tax law to non-French resident investors who will hold Bonds issued by the Company in a manner other than through an intermediary with a fixed base or a stable establishment in France and who are not shareholders of the Company and have no dependence ties with the Company pursuant to the Article 39, 12° of the French General Tax Code (*Code general des impost*) (the "**CGI**"). These investors should nevertheless consult their own tax advisors to determine the tax regime applicable to their particular situation.

Payments of interest and principal on the Bonds shall be made subject only to such withholdings at source or deduction on account of taxes as the law imposes or may impose on the Bondholders.

As from 1 March 2010, the remuneration and other revenues with respect to the Bonds will be subject to withholding tax on interests equal to 50% set out under Article 123 A III of the CGI only if they are paid outside France and in a non-cooperative State or territory within the meaning of Article 238-0 A of the CGI (in which case the remuneration and other revenues may nevertheless be exonerated from such withholding tax pursuant to the application of the protection clause (*clause dite de sauvegarde*) if it is proved that the transactions to which they correspond have a principal purpose and effect other than allowing their localisation in a non-cooperative State or territory).

The list of non-cooperative States and territories was published (decree of 12 February 2010 adopted pursuant to the second paragraph of the section 1 of Article 238-0 A of the French General Tax Code (*Code general des impôts*), JORF n°40 of 17 February 2010) and comprises the following States and territories as of 1 January 2010:

Anguilla	Guatemala	Niue
Belize	Cook Islands	Panama
Brunei	Marshall Islands	Philippines
Costa Rica	Liberia	Saint Kitts and Nevis
Dominica	Monserrat	Saint Lucia
Grenada	Nauru	Saint Vincent and the Grenadines

Furthermore, as from 1 January 2011, the remuneration and other revenues with respect to the Bonds may be subject, under certain conditions, to a withholding tax equal to 25% or 50% if they are paid or due to an entity established or residing in a non-cooperative State or territory pursuant to Article 238-0 A of the CGI, or if they are transferred to an account of a financial entity established in such a State or territory (in which case the remuneration and other revenues will nevertheless be exonerated from such withholding tax (pursuant to the application of the protection clause (*clause dite de sauvegarde*)) if it is proved that the transactions to which they correspond have a principal purpose and effect other than allowing their localisation in a non-cooperative State or territory).

Nevertheless, in a ruling of 22 February 2010 (RES n°2010/11 (FP and FE)), the General supervision public finances committee (*Direction générale des finances publiques*) has in particular specified that securities listed on a regulated market, provided that such market is not located in a non-cooperative State or territory and that the functioning of this market is assured by a market company which is not itself located in a non-cooperative State or territory, are eligible to benefit from the protection clause (*clause de sauvegarde*)) (and that the corresponding remuneration and revenues will be consequently exonerated from the withholding tax mentioned above). The Bonds will be listed on the regulated market of Euronext Paris, and the remuneration and revenues granted in respect of the Bonds will be, consequently, exonerated from the withholding tax mentioned above.

Non-French resident investors must also comply with the tax laws of their country of residence, as may be modified pursuant to the relevant double tax treaty signed between France and such country.

ii) Withholding tax in the paying agent's country of residence

On 3 June 2003, the Council of the European Union adopted a new directive on the taxation of savings income in the form of interest payments, amended on 19 July 2004 (the "**Directive**") and implemented in French law under Article 242 *ter* of the CGI. Subject to a number of conditions being met (set out under Article 17 of the Directive), member states are required, since 1 July 2005, to provide to the tax authorities of another member state, *inter alia*, details of payments of interest within the meaning of the Directive (interest, premiums or other debt income), made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other member state (the "**Disclosure of Information Method**").

For these purposes, the term "**paying agent**" is widely defined and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, during a transitional period, certain member states (the Grand Duchy of Luxembourg, Belgium and Austria), instead of using the Disclosure of Information Method used by the other member states, withhold an amount deducted at source on interest payments (within the meaning of the Directive). The rate of such withholding tax is equal to 15% during the first three years, 20% during the subsequent three years and 35% until the end of the transitional period. Such transitional period will end at the end of the first full fiscal year following the later of: (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and several jurisdictions (Switzerland, Liechtenstein, San Marino, Monaco and Andorra), providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the "**OECD Model Agreement**"), with respect to interest payments within the meaning of the Directive, in addition to the simultaneous application by those same jurisdictions of a withholding tax on such payments at the rates defined for the corresponding periods, and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to the exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

4.2 Conversion of the Bonds into Company shares

4.2.1 Type of conversion right

Bondholders shall have the right, at any time from the Issue Date until the seventh business day (inclusive) preceding the redemption date (whether at maturity or earlier), to convert their Bonds into new shares of the Company (the "**Conversion Right**") that will be fully paid-up by way of set-off against amounts owed under the Bonds, pursuant to the terms and conditions set out below and subject to the provisions of section 4.2.7 "Treatment of fractional shares in the event of exercise of the Conversion Right" below.

Notwithstanding the immediately preceding paragraph, in the event that the Conversion Ratio is adjusted pursuant to the applicable provisions of this securities note, and where the Company is unable to issue (within legal limits and subject to the maximum number of new shares authorised by the resolutions permitting the Company to issue equity-linked securities (including the Bonds) or any prior authorisation to issue shares approved by the shareholders) the total number of new shares required to be delivered to Bondholders who have exercised their Conversion Right following such adjustment, then the Company will deliver all of the new shares that it is able to deliver and, for the remainder (the "**Undelivered Shares**"), the Company will pay an amount in cash to the Bondholders. This amount will be determined by multiplying the average volume-weighted trading price of the Company's shares on Euronext Paris during the three trading days preceding the relevant Exercise Date of the Conversion Right by the number of Undelivered Shares. This amount will be payable at the time delivery of the shares as set out in section 4.2.4 "Exercise of the Conversion Right".

4.2.2 Suspension of the Conversion Right

In the event of a share capital increase, a merger (*fusion*) or demerger (*scission*), an issuance of new shares or an issuance of new securities giving access to the share capital of the Company or any other financial transaction with preferential subscription rights or with a priority subscription period for the benefit of the Company's shareholders, the Company shall be entitled to suspend the Conversion Right for a period not exceeding three months or any other period established by applicable legislation. Such entitlement shall in no event affect the Conversion Right of the Bondholders whose Bonds have been called for redemption, nor the exercise period provided for in section 4.2.3 "Exercise period and Conversion Ratio" below.

The decision to suspend the Conversion Right will be published in a notice in the *Bulletin des Annonces légales obligatoires* ("**BALO**") at least seven days before the date on which such suspension comes into effect; it will mention both the date on which the suspension comes into effect and the date the suspension will end. Such information will also be published during the same period in a daily financial paper having national circulation in France and in a notice issued by NYSE Euronext.

4.2.3 Exercise period and Conversion Ratio

The Conversion Right may be exercised by the Bondholders at any time as from the Issue Date until the seventh business day (inclusive) immediately preceding the redemption date (whether at maturity or earlier), at a ratio of 27 Chargeurs shares**,** par value €0.16 per share, for 1 Bond, subject to section 4.2.6 "Maintenance of Bondholders' rights" and section 4.2.7 "Treatment of fractional shares in the event of exercise of the Conversion Right" (the "**Conversion Ratio**").

Bondholders having exercised their Conversion Right will simultaneously receive, as a result of such exercise, the amount of Interest Due corresponding to the converted Bonds.

Any Bondholder who has not exercised his Conversion Right prior to such date will receive an amount determined pursuant to section 4.1.8 "Redemption date and redemption provisions".

4.2.4 Exercise of the Conversion Right

In order to exercise their Conversion Right, Bondholders must submit an exercise notice to the financial intermediary through whose books their Bonds are held or to BNP Paribas Securities Services if the Bonds are fully registered (*nominatif pur*). Once received by the relevant financial intermediary through whose books the Bonds are held or by BNP Paribas Securities Services, as the case may be, the request for early redemption will be irrevocable.

The date of the exercise request shall be the business day during the course of which the last of conditions (1) and (2) below is met, at the latest at 5 p.m. Paris time or the next following business day if such condition is met after 5 p.m. Paris time:

(1) the Centralising Agent (as defined in section 5.4.2 "Details of the intermediaries responsible for the financial services of the Bonds") receives the exercise request from the financial intermediary through whose books the Bonds are held or from BNP Paribas Securities Services if the Bonds are fully registered (*nominatif pur*);

(2) the Bonds are transferred to the Centralising Agent by the relevant financial intermediary or by BNP Paribas Securities Services if the Bonds are fully registered (*nominatf pur*).

Any request for the exercise of the Conversion Right received by the Centralising Agent during any calendar month (an "**Exercise Period**") will take effect on the earlier of the following two dates (such date being the "**Exercise Date**") subject to the provisions below concerning the delivery of shares during the Offering Period:

– the last business day of such calendar month;

– the seventh business day immediately preceding the date set for redemption.

All Bondholders with the same Exercise Date will be treated equally and will have their Bonds converted in the same proportion, subject to any possible rounding adjustments.

Subject to the following provisions, the shares resulting from the exercise of the Conversion Right and from the payment of Interest Due shall be delivered to Bondholders no later than on the seventh business day following the Exercise Date.

Delivery of shares pursuant to exercise of the Conversion Right and payment of the Interest Due during the Offering Period

Under current French regulations, in the event that the shares of the Company are subject to a tender or exchange offer made by a third party (tender offer, exchange offer, a combination of both, etc), the offer must also be made for all securities that give access to the share capital or voting rights of the Company (including the Bonds). Any contemplated offer, together with the offering prospectus describing the terms of such offer (*note d'information*), must be submitted to the AMF prior to its launch. The AMF shall decide on the conformity of the contemplated offer based on the data and other information presented in support of the offer.

Notwithstanding the immediately preceding paragraph, in the event that the Conversion Right is exercised during the Offering Period of a Public Offer, the shares resulting from the exercise of the Conversion Right and from the payment of Interest Due will be delivered within three business days from receipt by the Centralising Agent of the request for the exercise of the Conversion Right and the transfer of the corresponding Bonds.

The "**Offering Period"** means the time period between (and including):

(A) the first day on which the shares of the Company may be tendered in the offer; and

(B) (i) if the offer is unconditional, the date that will be the tenth business day after the final day during which the shares of the Company may be tendered in the offer or, if the offer is reopened, the fifth business day after the day of reopening;

(ii) if the offer is conditional, (x) if the AMF (or its successor) considers that the offer has been successful, the date that will be the tenth business day after the date on which the AMF publishes the results of the offer or, if the offer is reopened, the fifth business day after the day of reopening; or (y) if the AMF (or its successor) considers that the offer has been unsuccessful, the date on which the AMF publishes this statement; or

(iii) if the offeror withdraws its offer, the date on which notice of such withdrawal is published.

Determination of the number of shares to be delivered in respect of the Conversion Right

The Centralising Agent will determine the number of shares to be delivered in respect of the Conversion Right which, subject to section 4.2.7 "Treatment of fractional shares in the event of exercise of the Conversion Right", shall be equal, for each Bondholder, to the product of the Conversion Ratio applicable on the Exercise Date and the number of Bonds transferred to the Centralising Agent for which the Bondholder has exercised his Conversion Right.

In the event that a transaction that constitutes an adjustment event (see section 4.2.6 "Maintenance of Bondholders' rights") occurs between (and including) the Exercise Date and the delivery date for the shares issued or allocated upon exercise of the Conversion Right, the Bondholders will not have the right to participate in such transaction, subject to their adjustment right, until the date the shares are delivered.

If an adjustment event listed in section 4.2.6 "Maintenance of Bondholders' rights" occurs:

– on an Exercise Date or prior to such date and has not been taken into consideration in the Conversion Ratio applicable on such Exercise Date; or

– between the Exercise Date and the date of delivery of the shares (inclusive),

the Company will deliver such additional shares as is required, based on the new Conversion Ratio determined by the Centralising Agent, subject to section 4.2.7 "Treatment of fractional shares in the event of exercise of the Conversion Right".

4.2.5 Rights of Bondholders to payments of interest on the Bonds and dividends with respect to delivered shares

In the event of an exercise of the Conversion Right, Bondholders will be entitled to receive the payment of the Interest Due.

The rights to dividends and distributions attached to the new shares issued as a result of a conversion are set out in section 8.1.1(b) "Rights attached to shares issued pursuant to exercise of the Conversion Right or the payment of Interest or Interest Due - Right to dividends and distributions" below.

4.2.6 Maintenance of Bondholders' rights

(a) Specific provisions

In accordance with Article L. 228-98 of the French Commercial Code (*Code de commerce*):

(i) the Company may freely alter its corporate form or purpose without requesting authorisation from the general meeting of Bondholders;

(ii) the Company may freely, without requesting authorisation from the general meeting of Bondholders, repay its share capital, modify rules relating to the allocation of profits or issue preferred shares, provided that it has taken all necessary measures to maintain the Bondholders' rights as long as there are Bonds still outstanding;

(iii) in the event of a capital reduction prompted by losses and carried out through the reduction of the nominal amount or number of shares that make up the Company's share capital, the rights of Bondholders will be reduced accordingly as if such Bondholders had converted their Bonds prior to the date on which the capital reduction becomes effective.

In accordance with Article R.228-92 of the French Commercial Code (*Code de commerce*), if the Company decides to issue, in any form whatsoever, new shares or other securities giving access to share capital with preferential subscription rights, elects to distribute reserves, in cash or in kind, and issue premiums or modify rules relating to the distribution of profits through the creation of preferred shares, the Company will notify Bondholders (to the extent required by applicable law or regulations at that time) in a notice published in the BALO.

(b) Adjustments of the Conversion Ratio in the event of financial transactions carried out by the Company

As a result of any one of the following transactions:

1. financial transactions involving listed preferential subscription rights or free allocation of listed warrants;
2. free allocation of shares to shareholders or regrouping or splitting of shares;
3. the capitalisation of reserves, profits or premiums through an increase in the nominal amount of the shares;
4. distribution of reserves or of share premiums, in cash or in kind;
5. free allocation to shareholders of the Company of any financial instruments other than the Company's shares;
6. merger or demerger;
7. repurchase of treasury shares at a price higher than the market price;
8. amortisation of capital; and
9. modification of the allocation of profits and/or issuance of preferred shares;

which the Company may carry out after the Issue Date, the maintenance of the rights of Bondholders will be ensured until the delivery date (excluded) by means of an adjustment of the Conversion Ratio in accordance with the provisions set forth below.

Such adjustments will be effected in such a manner so as to equalise, to the nearest thousandth of a share, the value of the shares that would have been obtained upon exercise of the Conversion Right immediately prior to the occurrence of any of the events listed above and the value of the shares that would be obtained upon exercise of the Conversion Right immediately following the occurrence of such event.

In the event of adjustments carried out in accordance with paragraphs 1 to 9 below, the new Conversion Ratio will be calculated to 3 decimal places by rounding up to the nearest thousandth, (with 0.0005 being rounded up to the nearest thousandth, *i.e.,* 0.001). Any subsequent adjustments will be carried out on the basis of such newly calculated and rounded Conversion Ratio. However, since the Conversion Ratio may only result in the delivery of a whole number of shares, fractional entitlements will be settled as specified in section 4.2.7 "Treatment of fractional shares in the event of exercise of the Conversion Right".

1. a) In the event of financial transactions involving listed preferential subscription rights, the new Conversion Ratio will be determined by multiplying the Conversion Ratio in effect prior to the relevant transaction by the following variable:

$$\frac{\text{Value of the share ex-right} + \text{Value of the preferential subscription right}}{\text{Value of the share ex-right}}$$

For the calculation of this variable, the prices of each of the share ex-right and the preferential subscription right are determined according to the average of the opening trading price on Euronext Paris (or, in absence of trading on Euronext Paris, of the opening trading prices on another regulated market or its equivalent on which the shares of the Company and the preferential subscription right are both traded) for each trading day during the subscription period.

(b) In the event of financial transactions by way of free allocation of listed warrants to shareholders with the possibility of a related placement of securities upon exercise of warrants not exercised by their holders at the end of their subscription period, the new Conversion Ratio will be equal to the product of the Conversion Ratio applicable prior to the beginning of such financial transaction and the following variable:

$$\frac{\text{Value of the share ex-right} + \text{Value of the warrant}}{\text{Value of the share ex-right}}$$

For the calculation of this variable:

– the value of the share ex-right will be equal to the volume-weighted average of (i) the trading price of the shares on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) during the entire subscription period and (ii) (a) the sale price of the securities sold in the placement, if such securities are fungible with the existing shares, compounding such sale price by the volume of shares sold in the placement or (b) the trading price of the shares on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) on the day the sale price of the securities sold in the placement is fixed, if such securities are not fungible with existing shares;

– the value of the warrant will be equal to the volume-weighted average of (i) the trading price of the warrant on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the warrants are traded) during the entire subscription period and (ii) the implicit value (*valeur implicite*) of the warrants corresponding to the difference, if positive, adjusted by the exercise ratio, between the sale price of the securities sold in the placement and the subscription price of the securities, compounding the value so calculated by the volume corresponding to the warrants exercised for the purpose of allocating the securities sold in the placement.

2. In the event of free distribution of shares to shareholders, or regrouping or splitting of shares, the new Conversion Ratio will equal the product of the Conversion Ratio applicable immediately prior to the transaction and the following variable:

$$\frac{\text{Number of shares which make up the share capital after the transaction}}{\text{Number of shares which made up the share capital prior to the transaction}}$$

3. In the event of a capital increase through the capitalisation of profits, reserves or premiums with an increase in the nominal value of the Company shares, the nominal amount of the shares that would be allocated to the Bondholders upon exercise of the Conversion Right will be increased as a result.

4. In the event of a distribution of reserves and/or premiums in cash or in kind (financial instruments held in portfolio, etc.), the new Conversion Ratio will be equal to the product of the Conversion Ratio applicable immediately prior to the beginning of such transaction and the following variable:

$$\frac{\text{Value of the share prior to the distribution}}{\text{Value of the share prior to the distribution – the amount of distribution per share or value of the securities or assets distributed per share}}$$

For the calculation of this variable:

– the value of the share prior to the distribution will be equal to the volume-weighted average trading price of the shares on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) during the three trading days preceding the day the shares are traded ex such distribution;

– if the distribution is made in kind:

- in the case of a distribution of financial instruments which are already traded on a regulated market or its equivalent, the value of such financial instruments will be calculated in the manner described above;
- in the case of a distribution of financial instruments which are not yet traded on a regulated market or its equivalent, the value of such financial instruments will be equal to, if such financial instruments are admitted to trading on a regulated market or its equivalent within ten trading days following the ex-date of such distribution, the volume-weighted average trading price on the relevant market for the first three trading days of the period during which such financial instruments are traded; and
- in all other cases (financial instruments which are not yet traded on a regulated market or its equivalent or traded for less than three trading days within the ten trading days period above or the distribution of assets), the value of the financial instruments or of the assets distributed per share will be determined by an independent expert of international reputation selected by the Company.

5. In the event of a free allocation of financial instruments other than the Company's shares and subject to paragraph 1(b) above, the new Conversion Ratio will be equal to:

(a) if the right to free allocation of financial instruments is traded on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent), the product of the Conversion Ratio applicable prior to the commencement of the relevant transaction and the following variable:

$$\frac{\text{Value of the share ex-free allocation right + Value of the free allocation right}}{\text{Value of the share ex-free allocation right}}$$

For the calculation of this variable:

- the value of the share ex-free allocation right will be equal to the volume-weighted average trading price on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the Company share ex-free allocation right is traded) of the share ex-free allocation right during the three trading days commencing the day the shares start trading ex such free allocation right.
- the value of the free allocation right will be determined as described in the preceding paragraph. If the free allocation right is not traded during each of the tree trading days, its value will be determined by an independent expert of international reputation selected by the Company.

(b) if the right to free allocation of financial instruments is not traded on Euronext Paris (or on another regulated market or its equivalent), the product of the Conversion Ratio applicable prior to the commencement of the relevant transaction and the following variable:

$$\frac{\text{Value of the share ex-free allocation right} + \text{Value of the financial instrument(s) allocated per share}}{\text{Value of the share ex-free allocation right}}$$

For the calculation of this variable:

- the value of the share ex-free allocation right will be determined pursuant to paragraph a) above
- if the allocated financial instruments are traded or are capable of being traded on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent), within the 10 trading days period starting on the date the shares are traded ex-distribution, the value of the financial instrument(s) allocated per share will be equal to the volume-weighted daily average trading price recorded on such market during the first three trading days of this period during which the financial instruments are traded. If the allocated financial instruments are not traded during each of the three trading days, the value of the financial instrument(s) allocated per share will be determined by an independent expert of international reputation selected by the Company.

6. In the event that the Company is merged into another company (*absorption*) or is merged with one or more companies forming a new company (*fusion*) or is demerged (*scission*), the Bonds will entitle Bondholders to receive shares of the absorbing or new company or in the companies resulting from the demerger.

   The new Conversion Ratio will be determined by multiplying the Conversion Ratio in effect prior to the relevant transaction by reference to the ratio of exchange of the Company shares against shares in the new entity or entities. Such company or companies will be substituted for the Company for the purpose of its obligations towards the Bondholders.

7. In the event of a repurchase by the Company of its shares at a price greater than their trading price, the new Conversion Ratio will be equal to the product of the Conversion Ratio in effect prior to the beginning of the repurchase and the following variable:

$$\frac{\text{Value of the share x } (1 - \text{Pc\%})}{\text{Value of the share} - \text{Pc\% x Repurchase price}}$$

For the calculation of this variable:

- Value of the share means the volume-weighted average trading price of the shares on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) during the three trading sessions preceding the repurchase (or the option to repurchase);

- Pc % means the percentage of share capital repurchased; and

- Repurchase price means the effective repurchase price.

8. In the case of an amortisation of share capital, the new Conversion Ratio will be equal to the product of the Conversion Ratio in effect prior to the relevant transaction and the following variable:

$$\frac{\text{Value of the share prior to repayment}}{\text{Value of the share prior to repayment} - \text{Amount of repayment per share}}$$

For the calculation of this variable, the value of the share prior to repayment shall be calculated with reference to the volume-weighted daily average trading price of the share on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) during the three trading days preceding the repayment date.

9.

- In the event of modification of the allocation of the profits and/or issuance of preferred shares by the Company resulting in such a modification, the new Conversion Ratio will be equal to the product of the Conversion Ratio that applies before the start of the relevant transaction and the following variable:

$$\frac{\text{Value of the share prior to modification}}{\text{Value of the share prior to modification - the amount of reduction per share of the right to profits}}$$

For the calculation of this variable,

(i) the Value of the share before the modification shall be equal to the volume-weighted daily average trading price of the share on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) during the three trading days preceding the date of modification, and

(ii) the value of the Reduction per share of the right to profits, to be determined by an independent expert of international reputation selected by the Company.

Notwithstanding the foregoing, if such preferred shares are issued with preferential subscription rights or through a free allocation to shareholders of warrants to subscribe for such preferred shares, the new Conversion Ratio will be adjusted in accordance with paragraphs 1 or 5 above.

- In case of creation of preferred shares that does not result in any modification of the allocation of the Company's profits, the adjustment of the Conversion Rate, if any, will be determined by an internationally recognized independent expert chosen by the Company.

In the event that the Company carries out transactions in which an adjustment would not be required pursuant to paragraphs 1 through 9 of section 4.2.6(b) above and where subsequent legislation or regulation provides for an adjustment, the Company may carry out this adjustment in conformity with the applicable legislation or regulation and French market practice.

(c) Determination of the number of shares to be allocated in respect of Interest or of Interest Due and the terms of adjustment

The Calculation Agent (as defined in section 5.4.2 "Details of the intermediaries responsible for the financial services of the Bonds") will define the number of shares to allocate in respect of payment of Interest or of Interest Due in accordance with the provisions of section 4.1.7 "Remuneration of the Bonds".

The amount (i) of the Interest and (ii) of the Interest Due will be adjusted in the same way as the Conversion Ratio in accordance with section 4.2.6.(b) "Adjustments of the Conversion Ratio in the event of financial transactions carried out by the Company".

(d) Information of the Bondholders relating to adjustments

In the event of an adjustment, the Company shall inform the Bondholders by way of a notice published in a financial newspaper with national circulation in France no later than 5 business days following the date on which such adjustment becomes effective and in a notice published by NYSE Euronext in the same timeframe.

In addition, the Board of Directors of the Company will disclose the relevant calculation details and the results of such adjustment in the next annual report following any such adjustment.

4.2.7 Treatment of fractional shares in the event of exercise of the Conversion Right

Each Bondholder exercising the Conversion Right may receive a number of shares of the Company equal to the product of the then-applicable Conversion Ratio and the number of Bonds that have been submitted for conversion on the same Exercise Date.

If the number of shares thus calculated is not a whole number, the Bondholder will be entitled to receive:

- the whole number of shares immediately below; in this case, the Bondholder will receive a cash sum equal to the product of the fraction of the share and the value of the share, equal to the last quoted price on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) on the trading day prior to the day on which the request for the exercise of the Conversion Right is made; or
- the whole number of shares immediately above, provided that the Bondholder pays to the Company a sum in cash equal to the additional fraction of the share so requested, calculated on the terms set out in the above paragraph.

If the Bondholder does not specify which option he elects, he will be granted the whole number of Company shares immediately below, plus an additional sum as described above.

5 CONDITIONS OF THE OFFERING

5.1 Terms and conditions, indicative timetable and method of subscription

5.1.1 Terms and conditions of the offering

The Bonds will be issued with preferential subscription rights for existing shareholders, at the ratio of 1 Bond for every 25 existing shares, par value €0.16 per share.

Each shareholder will receive one preferential subscription right for each existing share recorded as book-entries in their securities accounts at the close of business on 12 March 2010.

25 preferential subscription rights will give right to subscribe for 1 Bond.

Any preferential subscription rights not exercised will automatically become null and void at the close of the subscription period (i.e., by the close of trading on 29 March 2010)

5.1.2 Issue size – Nominal value of each Bond – Number of Bonds issued

The issue will be for a total nominal amount of €22,829,565, represented by 415,083 Bonds with a nominal value of €55 per Bond.

5.1.3 Subscription period and process

(a) Subscription period

The subscription period will be open from 15 March 2010 to 29 March 2010, inclusive.

(b) Preferential subscription rights

Subscription by irrevocable entitlement (**à titre irréductible*****)***

The subscription for Bonds is reserved by priority to

- holders of shares recorded as book-entries in their securities accounts at the close of trading on 12 March 2010,
- purchasers of their preferential subscription rights,

who may subscribe by irrevocable entitlement (*à titre irréductible*) for 1 Bond for every 25 existing shares held (i.e., 25 preferential subscription rights will give right to subscribe for 1 Bond at a price of €55 per Bond). Preferential subscription rights will not be exercisable for fractional Bonds.

Preferential subscription rights may be exercised only in the multiples required to subscribe for a whole number of Bonds. Shareholders or purchasers of preferential subscription rights who do not have enough preferential subscription rights by irrevocable entitlement (*à titre irréductible*) to obtain a whole number of Bonds should purchase on the market the number of preferential subscription rights necessary to permit a whole number of Bonds to be subscribed for, and may act jointly to exercise their rights, without this resulting in a joint subscription (*souscription indivise*), as the Company only recognizes one holder in respect of any one Bond.

Preferential subscription rights representing less than the number required to subscribe for one Bond may be sold on the market during the subscription period.

Subscription subject to **pro rata** ***reduction (*****à titre réductible*****)***

At the same time that shareholders and purchasers of preferential subscription rights subscribe for Bonds by irrevocable entitlement (*à titre irréductible*), they may also subscribe for additional Bonds subject to *pro rata* reduction (*à titre réductible*) over and above the number of Bonds received through the exercise of their preferential subscription rights by irrevocable entitlement.

Any Bonds that have not been taken up by the exercise of preferential subscription rights will be allocated among the shareholders and purchasers of preferential subscription rights who have applied for additional shares subject to *pro rata* reduction (*à titre réductible*). Orders for subscriptions subject to *pro rata* reduction (*à titre réductible*) will be allotted up to the number of Bonds requested and *pro rata* to the number of existing shares in respect of which the preferential rights have been exercised by irrevocable entitlement (*à titre irréductible*), without any fractions of Bonds being allocated.

If a single subscriber presents several separate requests, the number of Bonds allotted subject to *pro rata* reduction will be calculated on the basis of the subscriber's total preferential subscription rights only if this is specifically requested in writing no later than the date of the close of the subscription period. The request should be submitted with one of the subscription forms and should include all necessary information to permit the rights to be combined, including the number of subscription requests made and the names of the authorized banks or brokers (*intermédiaires habilités*) with whom the subscriptions were filed.

Subscriptions made in the names of different subscribers may not be combined to obtain Bonds subject to *pro rata* reduction.

A notice will be published by NYSE Euronext to announce the allotment ratio under the *souscription à titre réductible* process (see section 5.1.7 below).

Theoretical value of the preferential subscription right and Chargeurs shares ex-rights

Based on the closing price of Chargeurs shares on 10 March 2010, i.e., €4.82, the theoretical value of the preferential subscription rights is €1.74 and the theoretical value of Chargeurs shares ex-rights is €3.08. These values are not indicative of the values of the preferential subscription right during the subscription period or of the shares ex-rights such as they may be determined by the market.

(c) Procedure for exercising preferential subscription rights

To exercise their preferential subscription rights, holders should submit their request to their authorized bank or broker (*intermédiaire financier habilité*), together with the corresponding subscription payment, at any time from 15 March 2010 to 29 March 2010, inclusive.

Preferential subscription rights must be exercised by their holders before the end of the subscription period, otherwise they will expire.

In accordance with applicable law, the preferential subscription rights will be tradable during the subscription period referred to in this section, under the same conditions as existing shares.

Sellers of preferential subscription rights will transfer these rights for the benefit of the purchaser and the purchaser will assume all the rights and obligations of the seller as concerns the exercise of the rights.

Any preferential subscription rights not exercised by the close of the subscription period will automatically become null and void.

(d) Preferential subscription rights separated from the Company's treasury shares

Pursuant to Article L. 225-206 of the French Commercial Code (*Code de commerce*), the Company may not subscribe for its own shares.

Preferential subscription rights separated from the Company's 116,334 treasury shares, representing 1.12% of the Company's share capital as at the date of this securities note, will be sold on the market before the end of the subscription period, as provided for in Article L. 225-210 of the French Commercial Code (*Code de commerce*).

(e) Indicative timetable of the offering

11 March 2010	[*Intentionally omitted*]
12 March 2010	Publication by the Company of a press release announcing [*Intentionally omitted*] the availability of the Prospectus
	Publication by NYSE Euronext of the notice relating to the Bonds issue
15 March 2010	Opening of the subscription period - Separation and commencement of trading of preferential subscription rights on Euronext Paris
29 March 2010	Close of the subscription period - End of trading of preferential subscription rights on Euronext Paris
12 April 2010	Publication by NYSE Euronext of the admission notice for the Bonds stating the final amount of the issue and stating the allotment ratio for subscriptions subject to reduction (*à titre réductible*)
15 April 2010	Settlement and delivery of the Bonds
	Admission to trading of the Bonds on Euronext Paris

5.1.4 Possibility of reducing the subscription

The Bond issue is being carried out with preferential subscription rights. Shareholders have a right to subscribe by irrevocable entitlement (*à titre irréductible*) for 1 Bond for every 25 shares already held (see section 5.1.3.(b)). The number of shares allotted to shareholders who exercise their irrevocable right cannot be reduced.

Shareholders may also subscribe for shares not taken up by other shareholders, subject to *pro rata* reduction (*à titre réductible*). The terms and conditions for subscribing for shares subject to *pro rata* reduction are described in section 5.1.3.(b).

5.1.5 Minimum and/or maximum subscription amount

As the Bond issue will be carried out with preferential subscription rights, the minimum subscription amount is for 1 Bond requiring the exercise of 25 preferential subscription rights. There is no maximum subscription amount (see section 5.1.3).

5.1.6 Dates – deadlines and terms for payment and delivery of the Bonds

The subscriptions and payments for Bonds by subscribers whose shares are in registered (*forme nominative administrée*) or bearer (*au porteur*) form will be received until 29 March 2010 (inclusive) by their authorised financial intermediary (*intermédiaire habilité*) acting on their behalf.

The subscriptions and payments by the subscribers whose shares are in fully registered form (*forme nominative pure*) will be received, without charge, until 29 March 2010 (inclusive) by BNP Paribas Securities Services, 11 rue Ella Fitzgerald, 75019 Paris.

Each subscription must be accompanied by a payment of the subscription price in cash.

Subscriptions that have not been paid will be automatically cancelled without prior formal notice.

The proceeds of subscriptions will be centralised by BNP Paribas Securities Services, 11 rue Ella Fitzgerald, 75019 Paris.

The settlement and delivery date of the Bonds is scheduled for 15 April 2010.

5.1.7 Publication of results of the offering

At the close of the subscription period referred to in section 5.1.3 above and after the centralisation of subscriptions, a press release announcing the results of the subscriptions will be published on the Company's website.

In addition, NYSE Euronext will publish a notice announcing the admission to trading of the Bonds and setting out the final number of Bonds issued and the allotment ratio for subscriptions of Bonds subject to *pro rata* reduction (*à titre réductible*) (see section 5.1.3(b)).

5.2 Plan of distribution and allocation of the Bonds

5.2.1 Type of potential investors – Countries in which the offer is being made – Restrictions applicable to the offer

Category of potential investors

The shares are being issued with preferential subscription rights by irrevocable entitlement (*à titre irréductible*) and subject to *pro rata* reduction (*à titre réductible*). The Bonds may be subscribed for in the manner described in section 5.1.3(b) by the initial holders of preferential subscription rights and by purchasers of these rights.

Countries in which the offer will be made

The offer will be open to the public only in France.

Offer restrictions

The distribution of this Prospectus, the sale of preferential subscription rights and subscriptions for the Bonds may be subject to specific regulations in certain countries, including the United States of America. Any persons in possession of this Prospectus should seek advice on and observe any local restrictions.

Any person (including any trustee or nominee) who receives this Prospectus may only distribute it or cause it to be distributed in such a country in compliance with the laws and regulations applicable in each jurisdiction.

Any person who, for whatever reason, distributes this Prospectus or causes it to be distributed in such a jurisdiction must draw the recipient's attention to the restrictions set forth in this section.

In general, any person who exercises preferential subscription rights outside France should ensure that such exercise does not contravene applicable local laws. The Prospectus and any other document relating to the Bonds issue may be distributed outside France only in accordance with the laws and regulations applicable in the jurisdiction concerned, and will not be considered to be an offer to subscribe in jurisdictions where such an offer would contravene applicable local laws.

Selling restrictions concerning the Member States of the European Union that have implemented directive 2003/71/EC of 4 November 2003 (the "Prospectus Directive")

With respect to each Member State of the European Economic Area other than France and which has implemented Directive 2003/71/CE (the "Prospectus Directive") (each a "**Relevant Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of the Bonds or of the preferential subscription rights requiring the publication of a prospectus in any Relevant Member State. As a result, the Bonds may only be offered in Relevant Member States:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average number of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million; and (3) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the Company to publish a prospectus pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of this paragraph, the notion of an "offer to the public of Bonds or preferential subscription rights" in each of the Member States of the European Economic Area that has implemented the Prospectus Directive, means any communication, to individuals or legal entities, in any form and by any means, of sufficient information on the terms and conditions of the offering and on the securities to be offered, thereby enabling an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive.

This selling restriction is in addition to any other selling restriction applicable in those Member States who have implemented the Prospectus Directive.

Selling restrictions for the United States of America

[*The following is a translation of the selling restrictions contained in the French-language note d'opération. Investors should also refer to the selling restrictions contained in "Offering and Selling Restrictions" and "Notice to Investors" of this Private Placement Memorandum*.]

Neither the Bonds nor the preferential subscription rights nor, as the case may be, the Company's shares to be issued upon conversion or remuneration of the Bonds, have been or will be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). They may not be offered or sold within the United States, as defined in Regulation S under the Securities Act, except in the case of an exemption or a transaction not subject to registration requirements of the U.S. Securities Act.

Except pursuant to an exemption under the Securities Act, no envelope containing subscription orders may be mailed from the United States or sent by any means from the United States and any person exercising their preferential subscription rights wishing to hold Bonds or, as the case may be, shares of the Company to be issued upon conversion or remuneration of the Bonds, in registered form must provide an address outside the United States.

In addition, until the expiration of the period beginning 40 days after the opening of the subscription period, an offer or sale of Bonds, preferential subscription rights or, as the case may be, of the new shares issued upon the conversion or remuneration of Bonds within the United States by a broker/dealer (whether or not it is participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made other than pursuant to an exemption from registration under the Securities Act.

Selling restrictions for the United Kingdom

Each intermediary warrants and undertakes that:

(a) it has not communicated or distributed nor caused to be communicated or distributed and will not communicate or distributed nor cause to be communicated or distributed in the United Kingdom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act ("**FSMA**")) received by it in relation to the Bonds or preferential subscription rights, except in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds or preferential subscription rights in, from or otherwise involving the United Kingdom.

The Prospectus is addressed to and intended for only (i) persons outside the United Kingdom, (ii) investment professionals under clause 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or (iii) persons as set out by clause 49(2) (a) to (d) (high net worth companies, unincorporated associations, etc) (the persons mentioned in paragraphs (i), (ii) and (iii) being "**Authorised Persons**"). The Bonds are only intended for Authorised Persons and all invitation, offer, underwriting agreement, purchase or acquisition of the Bonds may only be made with an Authorised Person. No persons apart from Authorised Persons may use, or make decisions based on, the Prospectus.

Selling restrictions for Canada, Australia and Japan

The Bonds may not be offered, sold or acquired in Canada, Australia or Japan.

5.2.2 Intention of principal shareholders of the Company

Pathé, the principal shareholder of the Company which holds, as of the date of the Prospectus, 26.35% of the Company's share capital, has confirmed to the Company its decision to subscribe to the issue by irrevocable entitlement (*à titre irréductible*) to an amount of Bonds equal to all of its preferential subscription rights, i.e., 109,361 Bonds, and subject to *pro rata* reduction (*à titre réductible*), to up to 54,979 Bonds. Furthermore, Pathé has undertaken to subscribe to all of the Bonds remaining unsubscribed at the end of the period for centralising subscriptions made by irrevocable entitlement and subject to *pro rata* reduction (*à titre irréductible et réductible*) on the settlement-delivery date at the subscription price of the Bonds.

Pathé keeps the possibility to acquire preferential subscription rights during the subscription period.

Mr. Jérôme Seydoux and OJEJ, who hold together 0.41% of the Company's share capital, have confirmed to the Company their decision to subscribe to the bonds issue by irrevocable entitlement (*à titre irréductible*), to an amount of Bonds equal to all of their respective preferential subscription rights, i.e., a total of 1,693 Bonds.

Mr. Eduardo Malone and Sofi Emy, who hold together 6.38% of the Company's share capital, have decided to subscribe to this issue by irrevocable entitlement (*à titre irréductible*), to an amount of Bonds equal to all of their respective preferential subscription rights, i.e., a total of 26,493 Bonds.

The Company does not know the intention of its other principal shareholders to subscribe to the Bonds.

5.2.3 Notification of allotment to investors

Holders and purchasers of preferential subscription rights who will have exercised them by irrevocable entitlement (*à titre irréductible*), subject to the success of the issue, are guaranteed the right to receive the number of Bonds they will have subscribed for (in the manner described in section 5.1.3(b)).

Subscribers who passed orders for shares subject to *pro rata* reduction (*à titre réductible*), in accordance with the terms of section 5.1.3.(b), will be informed of their allocation by their financial intermediary (*intermédiaire financier*). Such orders will be processed in accordance with the allotment ratio under the *souscriptions à titre réductible* process, which will be announced in a notice published by NYSE Euronext (see sections 5.1.3(b) and 5.1.7).

5.3 Price

The Bonds will be issued at par, i.e., €55, payable in whole in cash on the Issue Date.

5.4 Placement and underwriting

5.4.1 [*Intentionally omitted*]

[*Intentionally omitted*]

5.4.2 Details of the intermediaries responsible for the financial services of the Bonds

The proceeds of subscriptions will be centralised by BNP Paribas Securities Services, 11 rue Ella Fitzgerald 75019 Paris**.**

The depository services (registration of the Bonds (*inscription au nominatif*), conversion of the Bonds to bearer form (*conversion au porteur*)) and centralised paying agency services for the Bonds will be provided by BNP Paribas Securities Services, 11 rue Ella Fitzgerald 75019 Paris (the "**Centralising Agent**").

BNP Paribas Securities Services, 11 rue Ella Fitzgerald 75019 Paris was appointed as calculation agent for interest payments in new shares of the Company ("**Calculation Agent**") (see section 4.1.7 "Remuneration of the Bonds").

5.4.3 Underwriting – Management agreement - Lock-Up – Stabilisation

5.4.3.1 Underwriting

The issue is not subject to an underwriting agreement. Pathé has however undertaken to subscribe to all of the Bonds remaining unsubscribed at the end of the period for centralising subscriptions made by irrevocable entitlement and subject to *pro rata* reduction (*à titre irréductible et réductible*) (see section 5.2.2 « Intention of principal shareholders of the Company »).

5.4.3.2 [*Intentionally omitted*]

[*Intentionally omitted*].

5.4.3.3 Lock-Up

The Company has undertaken that it will not, for a period of 180 calendar days following the settlement-delivery date of the Bonds, issue, offer, pledge or sell, directly or indirectly, shares or other securities giving access to the Company's share capital, or carry out any other transaction having a similar effect, or publicly announce its intention to carry out any such transaction. This undertaking is subject to the certain exceptions, principally:

– the issue of the Bonds;

– the granting by the Company of stock options or free shares;

– an agreement to issue or sell the shares of the Company in the context of an acquisition in relation to an industrial partnership, provided that the recipients of the shares undertake to keep them for a period of 180 calendar days following the settlement and delivery of the Bonds;

– any transaction carried out pursuant to a liquidity contract entered into by the Company;

– the transfer of shares between the Company and any entity controlled by it within the meaning of Article L. 223-1 of the French commercial code (*Code de commerce*), provided that the recipients of the Company's shares undertake to keep them until for a period of 180 calendar days following the settlement and delivery of the Bonds.

Furthermore, Pathé, the principal shareholder of the Company which holds, as of the date of this securities note, 26.35% of the Company's share capital, has undertaken for the benefit of the Company that it will not, for a period of 90 calendar days following the settlement and delivery of the Bonds, without the prior consent of the Company (which shall not be unreasonably withheld), offer, lend or sell, directly or indirectly, shares or other securities giving access to the Company's share capital, or carry out any other transaction having a similar effect, or publicly announce its intention to carry out any such transaction. Notwithstanding the foregoing, this undertaking will not apply to the transfers of securities giving access to the Company's share capital between Pathé and any entity controlled by Pathé or by Mr. Jérôme Seydoux within the meaning of Article L. 223-1 of the French commercial code (*Code de commerce*), provided that the recipients of the securities giving access to the Company's share capital undertake to keep them until for a period of 90 calendar days following the settlement and delivery of the Bonds.

5.4.3.3 Stabilisation – Intervention on the market

Not Applicable

6 ADMISSION TO TRADING AND TERMS AND CONDITIONS OF TRADING OF THE BONDS

6.1 Admission to trading and terms and conditions of trading of the Bonds

The preferential subscription rights will be separated from the shares on 15 March 2010 and will be admitted to trading on Euronext Paris until the end of the subscription period, i.e., until 29 March 2010, inclusive, under ISIN code FR0010870923.

Application will be made for the Bonds to be listed and traded on Euronext Paris. Listing of the Bonds is expected to take place on 15 April 2010, under ISIN code FR0010870931.

No application has been made to list the Bonds on another market.

The conditions for the listing of the Bonds will be set out in notice published by NYSE Euronext.

6.2 Markets on which securities of the same category are listed

Not Applicable.

6.3 Bonds liquidity agreement

No liquidity agreement in respect of the Bonds has been entered into by the Company or, to the Company's knowledge, by any other intermediary.

7 FURTHER INFORMATION

7.1 Advisers connected to the offering

None.

7.2 Information contained in the securities note reviewed by the Auditors

[*Intentionally omitted*].

7.3 Expert's Report

None.

7.4 Information in the securities note from third parties

None.

7.5 Rating

No application has been made to obtain a rating the Bonds.

8 ADDITIONAL INFORMATION CONCERNING THE SHARES DELIVERED UPON EXERCISE OF CONVERSION RIGHT AND PAYMENT OF INTEREST OR OF INTEREST DUE

8.1 Description of the shares delivered upon exercise of the Conversion Right and the payment of Interest or of Interest Due

8.1.1 Type, category and rights attached to the shares delivered upon exercise of the Conversion Right and the payment of Interest or of Interest Due

(a) Type and category

The new shares issued upon conversion of the Bonds and the payment of Interest or Interest Due will be ordinary shares of the same category as Company's other existing shares, and will be governed by the Company's bylaws (see section 8.1.5).

As of the date of this securities note, the Company's share capital is €1,660,335.52 divided into 10,377,097 ordinary shares with a nominal value of €0.16 each, all fully paid-up and admitted to trading under the name "Chargeurs" on Euronext Paris (ISIN code: FR0000130692). The Chargeurs share is classified in sectors 3000 "Consumer Goods", 3700 "Personal and Household Goods", 3760 "Personal Goods", 3763 "Clothing & Accessories" in the ICB sectorial classification.

(b) Rights attached to shares issued upon exercise of the Conversion Right and the payment of Interest or Interest Due - Right to dividends and distributions

The new shares issued upon exercise of the Conversion Right and the payment of Interest Due will carry full rights from the first day of the financial year during which the Exercise Date occurs and will entitle shareholders, for the relevant financial year and the following financial years (on the basis of the same nominal value) to the same amount of dividend (or interim dividend) per share as that paid in respect of other shares carrying the same rights.

However, pursuant to sections 4.2.4 "Exercise of the Conversion Right" and 4.2.6 "Maintenance of Bondholders' rights", Bondholders shall benefit from an adjustment to the Conversion Ratio until such shares have been delivered to them.

Moreover, pursuant to the terms of the Debt Restructuring Agreement entered into on 7 January 2010, the Company has undertaken not to distribute dividends for a period of two years following the settlement-delivery date of the Bonds, i.e., 15 April 2010 (see section 1.2.5 of the 2008 Registration Document).

The new shares issued upon the payment of Interest at the maturity of the Bonds will carry full rights as from 1 January 2016 and will give right, in respect of the financial year ended 31 December 2016 and the following financial years (on the basis of the same nominal value) to the same dividend (or interim dividend) per share as that paid in respect of other shares carrying the same rights.

(c) Listing

See section 8.1.7 "Listing of the new shares issued upon the exercise of the Conversion Right and the payment of Interest or of Interest Due".

8.1.2 Applicable law and jurisdiction

The new shares will be issued in accordance with French law.

The courts having jurisdiction in the event of a dispute are those where the registered office of the Company is located when the Company is the defendant and, in other cases, designated according to the nature of the dispute, unless otherwise provided by the French Civil Procedure Code (*Code de procédure civile*).

8.1.3 Form and book-entry recording of the shares delivered upon exercise of the Conversion Right or the payment of Interest or Interest Due

The new shares of the Company, allocated upon exercise of the Conversion Right or the payment of Interest or of Interest Due, will be in either registered (*forme nominative*) or bearer (*au porteur*) form, at the option of the Bondholders.

Pursuant to Article L. 211-3 of the French Monetary and Financial Code *(Code monétaire et financier)*, the shares will be required to be recorded as book-entries in accounts held, as the case may be, by the Company or by its agent or by an authorised financial intermediary (*intermédiaire financier habilité*).

Consequently, holders' rights will be evidenced by a book-entry in accounts held in their name by:

- BNP Paribas Securities Services, acting on behalf of the Company in respect of fully registered shares (*forme nominative pure*);

- an authorised financial intermediary (*intermédiaire financier habilité*) of their choice and BNP Paribas Securities Services, acting on behalf of the Company, in respect of shares in registered form (*forme nominative administrée*); or
- an authorised financial intermediary (*intermédiaire financier habilité*) selected by the shareholder in respect of shares in bearer form (*forme au porteur*).

Pursuant to Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code (*Code monétaire et financier*), the shares will be transferred by account transfer and the transfer of ownership of the shares will occur upon their registration in the buyer's account.

8.1.4 Currency

The shares will be issued in euros.

8.1.5 Rights attached to shares

Existing shares are, and new shares will be, once issued, governed by the Company's bylaws. Under current French law and the Company's bylaws, the main rights attached to shares are as follows:

Right to dividends – Right to share in the Company's profits

New shares issued upon conversion of the Bonds and the payment of Interest or of Interest Due will give rights to dividends as described in section 4.2.5.

The shareholders of the Company have the right to a share in the Company's net profits in the circumstances set out in Articles L. 232-10 *et seq.* of the French Commercial Code (*Code de commerce)*.

At the shareholders' general meeting approving the annual financial statements for the preceding financial year, the shareholders may agree to pay a dividend to all the shareholders (Article L. 232-12 of the French Commercial Code (*Code de commerce*)).

The shareholders' general meeting may agree to pay an interim dividend to all the shareholders before approving the financial statements (Article L. 232-12 of the French Commercial Code (*Code de commerce)*).

The shareholders' general meeting may grant shareholders the option of receiving all or part of their dividends or interim dividends either in cash or in shares issued by the Company (Articles L. 232-18 *et seq.* of French Commercial Code (*Code de commerce)*).

Payment of dividends must take place no later than 9 months after the end of the financial year. This period may be extended by judicial decision.

Dividends will escheat to the French State after a period of 5 years from the date such dividend is due.

Dividends paid to non-French tax resident shareholders are in principle subject to a withholding tax (see below).

Withholding tax on dividends paid to non-French tax residents

The following summarises the French tax consequences applicable under current French tax law to non-French resident investors who receive dividends for the shares they hold in the Company. These investors should nevertheless consult their own tax advisors to determine the tax regime applicable to their particular situation.

Non-French resident investors must also comply with the tax laws of their country of residence, as may be modified pursuant to the relevant double tax treaty signed between France and such country.

Dividends distributed by the Company are in principle subject to a withholding tax, withheld by the paying agent, where the tax domicile or registered office of the beneficiary is located outside France. The rate of this withholding tax is fixed (i) at 18% where the beneficiary is an individual whose domicile is located within a member state of the European Union, in Iceland or in Norway or (ii) at 25% in all other cases.

This withholding tax may be reduced or even eliminated pursuant, in particular, to Article 119 *ter* of the CGI, applicable under certain conditions to shareholders that are legal entities and that are residents of the European Community, or to a double tax treaty.

Furthermore, shareholders that are legal entities and that hold at least 5% of the share capital and voting rights in the Company may be exempted from this withholding tax if they have their place of effective management in a member state in the European Community, or in another state which is a party to the agreement on the European Economic Area which has entered into a tax treaty with France that includes an administrative assistance clause for the prevention of fraud and tax evasion. In addition, they must satisfy the conditions set out in the administrative guidelines dated 10 May 2007 (4 C-7-07) and 12 July 2007 (4 C-8-07).

Shareholders of the Company should consult their own tax advisors to determine whether they are eligible for an exemption from, or reduction of, withholding tax and which formalities need to be complied with, in particular those set out under the administrative guidelines dated 25 February 2005 (4 J-1-05) regarding the so-called "standard" or "simplified" procedure for the application of the reduced withholding tax rate.

Voting rights

The number of voting rights attached to the shares is proportional to the share capital such shares represent. Each share carries one vote (Article L. 225-122 of the French Commercial Code (*Code de commerce*)).

Shares, fully paid and registered in the name of the same holder for at least two years, are granted double voting rights, taking into consideration the share capital such shares represent (Article L. 225-123 of the French Commercial Code (*Code de commerce*)).

In addition, in the event of a share capital increase by capitalizing reserves, profits or share premiums, the new registered shares allocated to a shareholder in respect of existing shares carrying double voting rights may also be given double voting rights (Article L. 225-123 of the French Commercial Code (*Code de commerce*)).

Furthermore, in addition to the requirement to inform the Company and the AMF, which makes the information public, any individual or legal entity, acting individually or jointly with others, that comes to hold, directly or indirectly, within the meaning of Articles L. 233-9 and L. 233-10 of the French Commercial Code (*Code de commerce*), a number of shares representing 2% or more of the share capital or voting rights of the Company, plus every multiple thereover, is required to inform the Company, within five trading days following the day on which such threshold or thresholds are crossed, of the total number of shares and voting rights that it holds, as well as the number of shares or voting rights assimilated to the shares or voting rights held by this person pursuant to Article L. 233-9 of the French Commercial Code (*Code de commerce*).

Such person is required, on the same terms, to inform the Company of the number of securities it holds giving access to the share capital of the Company and voting rights attached thereto.

Preferential subscription right

The shares carry a preferential subscription right for new shares issued as part of an increase in the Company's share capital. The shareholders will have, *pro rata* to the amount of their existing shares, a preferential subscription right in cash for shares issued in connection with an immediate or future increase in share capital. During the subscription period, preferential subscription rights may be traded when they are separated from the underlying shares, provided that the shares are also negotiable. Otherwise, preferential subscription rights may be transferred on the same basis as the underlying shares. Shareholders may individually waive their preferential subscription rights (Articles L. 225-132 and L. 228-91 through L. 228-93 of the French Commercial Code (*Code de commerce*)).

At the general shareholders' meeting deciding or approving the capital increase, the shareholders can elect to waive their preferential subscription rights in relation to the entire capital increase or a portion of it or to grant a priority subscription period in favour of the shareholders (Article L. 225-135 of the French Commercial Code (*Code de commerce*)).

A share capital increase without preferential subscription right may be carried out either by way of a public offer or, up to a maximum amount of 20% of the share capital each year, through an offer pursuant to Article L. 411-2 II of the French Monetary and Financial Code *(Code monétaire et financier)* (private placement to qualified investors (*investisseurs qualifiés*) or to a limited circle of investors (*cercle restreint*)), in which case the issue price of the shares will be the volume-weighted average of the market price of the shares during the three trading days preceding the date of pricing, with a maximum 5% discount (Articles L. 225-136 1° and 3° and R. 225-119 of the French Commercial Code (*Code de commerce*). However the general shareholders' meeting may authorise the Board of Directors to freely set the issue price of the shares, subject to a maximum amount of 10% of the share capital each year (second paragraph of the Article L. 225-136 1° of the French Commercial Code (*Code de commerce)*).

The general shareholders' meeting may also waive the preferential subscription right where the Company decides to proceed to a share capital increase:

- reserved to one or more beneficiaries designated by name or to categories of persons satisfying set characteristics. In that case, the issue price or the conditions applicable to its determination shall be determined by the extraordinary general meeting of the shareholders based on the Board of Directors' report and the auditors' special report (Article L. 225-138 of the French Commercial Code **(***Code de commerce*));
- in consideration for securities contributed through a public exchange offer in respect of the securities of a company whose shares are admitted to trading on a regulated market. In this case, the auditors shall express an opinion on the

conditions of the share capital increase and its consequences (Article L. 225-148 of the French Commercial Code (*Code de commerce*)).

In addition, the general shareholders' meeting may decide to launch a share capital increase:

- in order to compensate a contribution in kind. One or more appraisers shall assess the value of the contribution. The general shareholders meeting may delegate to the Board of Directors the powers required to carry out a capital increase, up to a maximum amount of 10% of the company's share capital, in order to compensate the contributions in kind made up of equity securities or any securities giving access to share capital (Article L. 225-147 of the French Commercial Code (*Code de commerce*)).
- reserved to the members (employees of the Company or of a company which it controls within the meaning of Article L. 225-180 of the French Commercial Code (*Code de commerce*)) of a company savings plan (Article L. 225-138-1 of the French Commercial Code (*Code de commerce*)). The subscription price will be the 20-day average of the market price of the shares prior to the date of the decision fixing the opening date of the subscription, with a maximum 20% discount (Article L. 3332-19 of the French Labour Code (*Code du travail*)).
- by way of a free allotment of shares to the Company's employees or those of other group companies, to certain categories of employees or Company representatives, up to a maximum amount of 10% of the Company's share capital (Articles L. 225-197-1 *et seq.* of the French Commercial Code (*Code de commerce*)).

Right to any surplus in the event of a liquidation

If the Company is liquidated, any share capital remaining after the nominal value of the shares or share capital has been repaid will be allocated among the shareholders *pro rata* to their interests in the share capital (Article L. 237-29 of the French Commercial Code (*Code de commerce*)).

Buyback and Conversion clauses

The Company's bylaws do not include any share buyback or conversion clauses for the shares.

Identifying holders of shares

In order to identify its shareholders, the Company may at any time request from the entity in charge of clearing the shares, the name or corporate name of an individual or legal entity shareholder who currently possesses, or will possess the right to vote at general shareholders' meetings, as well as their nationality, date of birth or date of establishment and the number of shares held, noting any restrictions on such shares.

After having reviewed the list, the Company may also request either from the entity in charge of clearing the shares or from persons identified therein who it believes to hold shares on behalf of a third party, information concerning such third parties. Any intermediaries are obliged to reveal the identity of the beneficial owners of these shares.

If the information mentioned above is not transmitted to the Company, or if the information is incomplete or incorrect, Article L. 228-3-3 of the French Commercial Code (*Code de commerce*) (removal of voting and dividend rights) may apply.

Before the communication of proxies or votes at general meetings, any intermediary holding on behalf of a beneficial owner must, at the Company's request, supply a list of non-resident shareholders to whom the voting rights belong.

Votes cast or proxies exercised by an intermediary who has not identified himself as an intermediary or identified the beneficial owners for whom it holds the shares in the conditions set out above will not be taken into account.

8.1.6 Resolutions and authorisations governing the delivery of the shares upon the exercise of the Conversion Right and the payment of Interest or of Interest Due

See section 4.1.11 "Resolutions and decisions in respect of the issue of the Bonds".

8.1.7 Listing of the new shares issued upon the exercise of the Conversion Right and the payment of Interest or of Interest Due

The new shares issued upon conversion of the Bonds and the payment of Interest or of Interest Due will be subject to periodic applications for admission to trading on Euronext Paris on a different line, until the end of the trading day preceding the day on which the existing shares are traded ex-dividend to be paid in respect of the financial year preceding that in which the Exercise Date occurs, or until the end of the trading day on which the shareholders' general meeting approves the annual financial statements for this financial year if such shareholders' general meeting decides not to pay out a dividend.

Consequently, the new shares will be assimilated to the Company's existing shares and will trade on the same line as the existing shares and under the same ISIN code FR0000130692 from the trading day during which the existing shares are traded ex-dividend to be paid in respect of the financial year preceding that in which the Exercise Date occurs or, in the absence of a dividend payment, from the trading day following the date on which the shareholders' general meeting approves the annual financial statements for such financial year.

8.1.8 Restriction on the free negotiability of the shares

No statutory provision limits the free negotiability of the shares comprising the share capital of the Company or shares that will be allocated upon exercise of the Conversion Right or payment of Interest or of Interest Due.

However, see Section 5.2.1 "Type of potential investors – Countries in which the offer is being made – Restrictions applicable to the offer" concerning restrictions applicable to the offer.

8.1.9 French regulation relating to public offers

The Company is subject to the French laws and regulations applicable to mandatory public offers, buyout offers and squeeze-outs.

8.1.9.1 Mandatory public offer

Article L. 433-3 of the French Monetary and Financial Code *(Code monétaire et financier)* and Articles 234-1 *et seq.* of the AMF General Regulations, regulate the terms and conditions to be fulfilled for mandatory public offers for all equity securities, including securities giving access to the share capital or voting rights of a company whose shares are admitted to trading on a regulated market.

8.1.9.2 Standing market offer

Article L. 433-3 of the French Monetary and Financial Code *(Code monétaire et financier)* and Articles 235-1 *et seq.* of the AMF General Regulations regulate the terms and conditions to be fulfilled for standing market offers (*garantie de cours*) for all the shares of a company whose shares are admitted to trading on a regulated market.

8.1.9.3 Buyout offer and Squeeze-out

Article L. 433-4 of the French Monetary and Financial Code *(Code monétaire et financier)* and Articles 236-1 *et seq.* (buyout offer), 237-1 *et seq.* (squeeze-out following a buyout offer) and Articles 237-14 *et seq.* (squeeze-out following any public offer) of the AMF General Regulations provide the terms and conditions to be fulfilled for a buyout offer and a squeeze-out of minority shareholders of a company whose shares are admitted to trading on a regulated market.

8.1.10 Tender offers by third parties on the share capital of the issuer during the last financial year and the current financial year

No public tender offer has been initiated by third parties with respect to the Company's share capital during the current and previous financial year.

8.1.11 Impact of the conversion on the shareholder's situation

Impact of the issue on the share in the consolidated shareholders' equity

As an illustration, the impact of the issue and the conversion of all the Bonds into new shares and the payment of the remuneration of the Bonds in new shares (in case of conversion of all the Bonds into shares on the seventh business day preceding the maturity date) on the shares in the consolidated shareholders' equity (group share) (*calculated on the basis of consolidated shareholders' equity attributable to the group as of 31 December 2009 – as set out in the consolidated accounts of 31 December 2009 – and the number of shares that make up the issued share capital on such date after deduction of treasury shares*) would be as follows:

	Shareholders' equity per share (in euros)
Prior to the issue of 415,083 Bonds	12.69
After issue and conversion of 415,083 Bonds into shares	7.10
After issue and conversion of the Bonds of 415,083 Bonds into shares and payment of interest in new shares (in case of conversion of all the Bonds into shares on the seventh business day preceding the maturity date)	6.48

Impact of the issue on a shareholders' situation

As an illustration, the impact of the issue and the conversion of all the Bonds into new shares and the payment of the remuneration of the Bonds in new shares (in case of conversion of all the Bonds into shares on the seventh business day preceding the maturity date) on the shareholding of a shareholder not participating in the offering of the Bonds holding 1% of the Company's share capital prior to the issue (*calculated on the basis of the issued share capital as of 31 December 2009*) would be as follows:

	Shareholder's holding in %
Prior to the issue of 415,083 Bonds	1%
After issue and conversion of 415,083 Bonds into shares	0.48%
After issue and conversion of 415,083 Bonds into shares and payment of interest in new shares (in case of conversion of all the Bonds into shares on the seventh business day preceding the maturity date)	0.44%

9 ADDITIONAL INFORMATION CONCERNING THE ISSUER

9.1 Consolidated financial statements for the financial year ended on 31 December 2009

Consolidated Balance Sheets at December 31 *(in € millions)*

Assets	2009	2008	2007
Non-current assets			
Property, plant and equipment (note 5)	61.4	71.4	89.4
Intangible assets (note 6)	67.5	70.3	63.7
Investments in associates (note 9)	17.3	18.0	25.1
Deferred tax assets (note 11)	12.6	20.0	29.2
Non-current financial assets			
Investments in non-consolidated companies (note 8)	1.5	2.0	3.1
Long-term loans and receivables (note 10)	7.2	9.3	9.3
Derivative instruments (note 15)	-	-	-
Other non-current assets (note 12)	3.1	5.3	6.6
	170.6	**196.3**	**226.4**
Current assets			
Inventories and work-in-progress (note 13)	117.0	134.8	155.2
Trade receivables (note 14)	69.1	75.9	82.5
*Factored receivables**	*45.7*	*64.7*	*82.5*
Derivative instruments (note 15)	1.2	1.3	1.8
Other receivables (note 16)	44.9	59.4	74.9
Cash and cash equivalents (note 17)	55.9	57.8	110.3
	333.8	**393.9**	**507.2**
Assets held for sale	**5.8**	**-**	**-**
Total assets	**510.2**	**590.2**	**733.6**

Equity and liabilities	**2009**	**2008**	**2007**
Equity (note 19)			
Attributable to equity holders of the parent			
Share capital (note 19)	166.0	166.0	166.0
Share premium account	32.2	32.2	32.2
Other reserves and retained earnings (note 19)	(10.8)	49.9	38.5
Profit/(loss) for the period	(45.9)	(59.8)	15.4
Treasury stock	(1.2)	(1.6)	(0.8)
Translation reserve	(10.1)	(7.6)	(13.9)
	130.2	**179.1**	**237.4**
Minority interests	**6.0**	**6.3**	**5.4**
Total equity	**136.2**	**185.4**	**242.8**
Non-current liabilities			
Long-term borrowings (note 22)	98.5	41.8	56.7
Deferred tax liabilities (note 11)	0.9	1.3	1.4
Pension and other post-employment benefit obligations (note 20)	11.1	12.2	11.5
Provisions (note 21)	5.8	7.2	3.9
Other non-current liabilities	0.3	0.4	0.8
	116.6	**62.9**	**74.3**
Current liabilities			
Trade payables (note 23)	100.8	116.7	157
Other payables (note 23)	59.3	55.1	61.5
*Factoring liabilities**	*45.7*	*64.7*	*82.5*
Current income tax liability	1.2	2.1	2.6
Derivative instruments (note 15)	0.7	2.6	4.7
Short-term portion of long-term borrowings (note 22)	6.4	20.3	26.9
Short-term bank loans and overdrafts (note 22)	40.1	80.4	81.3
	254.2	**341.9**	**416.5**
Liabilities related to assets held for sale	**3.2**		
Total equity and liabilities	**510.2**	**590.2**	**733.6**

Notes 1 to 38 are an integral part of the 2009 consolidated financial statements.

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

Consolidated Income Statements, years ended December 31 *(in € millions)*

	2009	2008
Revenue*	**451.6**	**599.2**
Cost of sales	(364.1)	(492.7)
Gross profit	87.5	106.5
Distribution costs	(52.2)	(65.3)
Administrative expenses	(37.1)	(39.6)
Research and development costs	(2.6)	(4.2)
Other operating income and expense (note 25)	(18.2)	(32.7)
Operating profit/(loss)	**(22.6)**	**(35.3)**
Finance costs and other financial expense	(14.2)	(18.5)
Financial income	5.0	7.0
Finance costs and other financial income and expense, net (note 27)	**(9.2)**	**(11.5)**
Share of profit/(loss) of associates	(2.5)	(7.9)
Pre-tax profit/(loss) for the period	**(34.3)**	**(54.7)**
Income tax expense (note 28)	(10.0)	(5.8)
Profit/(loss) from continuing operations	(44.3)	(60.5)
Profit/(loss) from discontinued operations	(1.7)	-
Profit/(loss) for the period	**(46.0)**	**(60.5)**
Attributable to:		
Equity holders of the parent	(45.9)	(59.8)
Minority interests	(0.1)	(0.7)
Earnings per share (in €)		
- Basic earnings per share	(4.5)	(5.8)
- Diluted earnings per share	(4.5)	(5.8)
Weighted average number of shares outstanding	10,233,366	10,299,975

* 2009 revenue before reclassification of discontinued operations amounted to €455.6 million.

In 2008, discontinued operations represented €8.9 million.

Notes 1 to 38 are an integral part of the 2009 consolidated financial statements.

Consolidated Statements of Comprehensive Income, years ended December 31 *(in € millions)*

	2009	2008
Profit/(loss) for the period	**(46.0)**	**(60.5)**
Other comprehensive income (expense)	(0.7)	
Exchange differences on translating foreign operations	(2.7)	7.3
Available-for-sale financial assets		
- Fair value adjustments for the period recognized in equity		
- Cumulative fair value adjustments reclassified to profit or loss		
Cash flow hedges		
- Fair value adjustments for the period recognized in equity		(0.6)
- Cumulative fair value adjustments reclassified to profit or loss		3.3
Gains and losses on asset revaluation		
Actuarial gains (losses) on defined benefit plans		
Share of other comprehensive income of associates		
Income tax relating to components of other comprehensive income		
Other comprehensive income for the period, net of tax	**(3.4)**	**10.0**
Total comprehensive income for the period	**(49.4)**	**(50.5)**
Attributable to:		
Equity holders of the parent	(49.1)	(50.6)
Minority interests	(0.3)	0.1

Consolidated Statements of Cash Flows, years ended December 31 *(in € millions)*

	2009	2008
Cash flows from operating activities		
Pre-tax profit/(loss) of consolidated companies	(33.5)	(46.9)
Adjustments (note 31)	19.3	43.6
Income tax (paid)/refunded	(0.7)	4.1
Cash (used by)/generated from operations	(14.9)	0.8
Dividends from associates	0.4	1.3
Change in operating working capital	21.7	(21.5)
Net cash from/(used by) operating activities	**7.2**	**(19.4)**
Cash flows from investing activities		
Acquisitions of subsidiaries, net of cash acquired	(0.1)	(3.3)
Proceeds from disposals of subsidiaries, net of cash sold		5.0
Purchases of property, plant and equipment	(2.9)	(8.2)
Proceeds from sales of property, plant and equipment	3.0	10.6
Purchases of other non-current assets	(1.7)	(1.5)
Proceeds from disposals of other non-current assets		0.1
Other movements	0.2	0.1
Net cash (used by)/from investing activities	**(1.5)**	**2.8**
Cash flows from financing activities		
Proceeds from issue of share capital		
(Purchases)/sales of treasury stock	0.1	(0.9)
Proceeds from new borrowings	0.8	0.7
Repayments of borrowings	(6.4)	(26.5)
Dividends paid to equity holders of the parent		(6.7)
Net cash used by financing activities	**(5.5)**	**(33.4)**
Increase/(decrease) in cash and cash equivalents and bank overdrafts	**0.2**	**(50.0)**
Cash and cash equivalents and bank overdrafts at beginning of the period	57.8	110.3
Reclassification of cash and cash equivalents under "Assets held for sale"	(1.9)	
Reclassification of cash equivalents under "Receivables"		(2.2)
Effect of changes in foreign exchange rates	(0.2)	(0.3)
Cash and cash equivalents and bank overdrafts at period-end	**55.9**	**57.8**

Notes 1 to 38 are an integral part of the 2009 consolidated financial statements.

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

	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Treasury stock	Total equity attributable to equity holders of the parent	Minority interests	Total equity
At December 31, 2007	166.0	32.2	56.2	(13.9)	(2.3)	(0.8)	237.4	5.4	242.8
Issue of share capital							0.0	0.9	0.9
Changes in treasury stock						(0.8)	(0.8)		(0.8)
Dividends paid			(6.7)	(0.2)			(6.9)	(0.1)	(7.0)
Profit/(loss) for the period			(59.8)				(59.8)	(0.7)	(60.5)
Other comprehensive income for the period				6.5	2.7		9.2	0.8	10.0
At December 31, 2008	166.0	32.2	(10.3)	(7.6)	0.4	(1.6)	179.1	6.3	185.4
Issue of share capital							0.0		0.0
Changes in treasury stock			(0.2)			0.4	0.2		0.2
Dividends paid							0.0		0.0
Profit/(loss) for the period			(45.9)				(45.9)	(0.1)	(46.0)
Other comprehensive income for the period			(0.7)	(2.5)			(3.2)	(0.2)	(3.4)
At December 31, 2009	166.0	32.2	(57.1)	(10.1)	0.4	(1.2)	130.2	6.0	136.2

Notes 1 to 38 are an integral part of the 2009 consolidated financial statements.

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1. General information

In 2009, Chargeurs and its subsidiaries (the Chargeurs Group) were organized around three business lines: Chargeurs Protective Films (development and marketing of technical solutions to protect steel, aluminum, plastic and other surfaces during the production process), Chargeurs Interlining (interlining and technical fabrics production and marketing) and Chargeurs Wool (wool processing).

Chargeurs is a *société anonyme* governed by the laws of France. Its headquarters are located at 29-31, rue Washington, 75008 Paris, France.

Chargeurs shares are listed on NYSE Euronext Paris.

At the end of 2009, the Group decided to rectify the consolidated financial statements for the year ended December 31, 2008 as approved by the Board of Directors on March 5, 2009 and by shareholders at the Annual General Meeting on May 7, 2009, after two errors were detected concerning (i) translation reserves and the carrying amount of inventories of a subsidiary in China and (ii) the method used to recognize actuarial gains and losses on a supplementary pension plan operated by a subsidiary in the United States. The effect of these corrections was a €1.1 million reduction in equity.

The rectified financial statements were approved by the Board of Directors on December 21, 2009.

Tables reconciling the reported and rectified amounts of the main financial statement items for the year ended December 31, 2008 are presented in note 37.

The consolidated financial statements for the year ended December 31, 2009 were approved by the Board of Directors on March 11, 2010 and will be submitted to shareholders for approval on May 6, 2010. All amounts are expressed in millions of euros, unless otherwise specified.

At the Annual General Meeting of May 6, 2010, the Board of Directors has decided to recommend canceling the dividend.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The 2009 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. These standards can be downloaded from the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm#adopted-commission).

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

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

a) New standards, amendments to existing standards and interpretations applicable in financial periods commencing on or after January 1, 2009 and affecting the Group

Adopted by the European Union

Affecting the Group:

- Amendments to IFRS 1 and IAS 27 - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendment to IFRS 2 – Vesting Conditions and Cancellations
- Amendment to IFRS 7 – Financial Instruments: Disclosures
- IFRS 8 – Operating Segments. Adoption of this standard had no impact on the presentation of the Group’s segment information.
- IAS 1 (revised) – Presentation of the Financial Statements

- IAS 23 (revised) – Borrowing Costs
- Amendments to IAS 32 and IAS 1 - Puttable Instruments and Instruments with Obligations Arising on Liquidation
- Amendment to IAS 39 – Reclassification of Financial Assets (effective date and transition)
- May 2008 improvements to IFRSs
- IFRIC 9 and IAS 39 – Embedded Derivatives
- IFRIC 14 – IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Not affecting the Group

- IFRIC 13 – Customer Loyalty Programmes

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

Adopted by the European Union

Affecting the Group

- IFRS 3 (revised) – Business Combinations
- IAS 27 (revised) – Consolidated and Separate Financial Statements
- Amendment to IAS 39 – Eligible Hedged Items
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 – Distributions of Non-Cash Assets
- IFRIC 18 – Transfers of Assets from Customers

Not affecting the Group

(Interpretations considered by Management as not relevant to the Group's operations)

- IFRIC 12 – Service Concession Arrangements
- IFRS 1 (revised) – First-Time Adoption of IFRS

Not yet adopted by the European Union

- April 16, 2009 improvements to IFRSs
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

2.2 Consolidation methods

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments that meet the above criteria but which are not material are measured at cost less any impairment.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Acquisitions of subsidiaries are accounted for by the purchase method. The cost of acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets acquired is recorded as goodwill.

If the cost of the acquisition is less than the fair value of the Group’s share of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with minority shareholders

The Group applies a policy of treating transactions with minority shareholders as transactions with parties external to the Group. Disposals to minority shareholders result in gains and losses for the Group that are recorded in the income statement. Purchases from minority shareholders result in goodwill, being the difference between the consideration paid and the acquired share of the subsidiary's net assets.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method and are initially recognized at cost. The Group's investments in associates include goodwill (net of any accumulated impairment losses) identified on acquisition (see note 2.6).

The Group's share of associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves – which have no impact on profit or loss – is recognized directly in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses of an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate concerned. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Non-consolidated companies

Recently-formed distribution companies that individually generate less than €3 million in annual revenue are not consolidated.

The effect on equity of including these companies in the scope of consolidation at December 31, 2009 would be less than €1 million.

2.3 Segment reporting

An operating segment is a group of assets and operations corresponding to a management unit.

Adoption of IFRS 8 did not lead to any material change in the presentation of segment information in the notes to the consolidated financial statements.

A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments. Chargeurs operates in three geographical segments: Europe – including the Group's home market, France – the Americas and Asia. The "Asia" segment encompasses the Asia-Pacific region and Africa.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency").

The consolidated financial statements are presented in euros, which is Chargeurs' functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into each entity's functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges. In this case, gains and losses on the cash flow hedge accumulated in equity are reclassified to the income statement when the exchange gain or loss on the hedged item is recognized.

Exchange gains and losses arising from translation of foreign currency receivables and payables are recognized in the income statement.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency other than the euro are translated as follows: (i) balance sheet items are translated at closing exchange rates, (ii) income statement items are translated at average exchange rates for the period, and (iii) all resulting exchange differences are recognized as a separate component of equity under "Translation reserve" and "Minority interests".

Exchange differences arising from the translation of the net investment in subsidiaries with a functional currency other than the euro, and of instruments designated as hedges of such investments, are recorded under "Translation reserve" in equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent depreciation and impairment, except for land, which is not depreciated and is stated net of any accumulated impairment losses. Cost comprises the purchase price, capitalized interest and fair value adjustments. Capitalized interest corresponds to interest costs, whether on designated borrowings or on other designated sources of finance, during the period preceding the date the asset is put into service.

On first-time adoption of IFRS, land and buildings were measured at fair value at January 1, 2004 (the IFRS transition date) based on independent valuations, and these fair values were used as the assets' deemed cost at that date.

The cost of dismantling and removing assets and restoring the site on which they are located is included in the assets' carrying amount.

Each significant part of an item of property, plant or equipment whose useful life is different from that of the asset as a whole is recognized and depreciated separately.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

- Buildings: 15 to 40 years.
- Plant and equipment: 4, 8, 12 or 20 years
- Fixtures and fittings: 5 to 10 years.

Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases and recognized as assets and liabilities. The capitalized amount corresponds to the lower of the fair value of the leased property at the inception of the lease and the present value of the minimum lease payments.

Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever there is any internal or external indication that they may be impaired and they are also included in the annual impairment tests performed by the Group on its individual businesses.

If these tests show that the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in addition to accumulated depreciation. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

In the absence of an observable market price, the recoverable amount of a cash-generating unit is considered to be equal to the higher of its value in use, corresponding to the discounted future cash flows expected to be generated by the unit, and its fair value less costs to sell. In practice, most calculations are based on value in use.

Gains and losses on the sale of property, plant and equipment are recognized in the income statement and are calculated by comparing the proceeds of the sale with the carrying amount of the sold asset.

2.6 Goodwill and other intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "Intangible assets." Goodwill on acquisitions of associates in included in "Investments in associates". All goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment losses recognized as a result of these tests are irreversible. Gains and losses on the disposal of an entity include the carrying amount of any goodwill relating to that entity.

(b) Trademarks and licenses

Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (between fifteen and twenty years).

(c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful lives of the software concerned (between three and five years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

(d) Development costs

Development costs are capitalized when the Group can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical and financial resources to complete the development.
- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development costs are amortized over the estimated useful life of the asset concerned.

Impairment of intangible assets

Goodwill and other intangible assets with indefinite useful lives are tested for impairment every year to determine if their recoverable amount is at least equal to their carrying amount, irrespective of whether there is any indication that they may be impaired (see note 6).

Any impairment losses recognized on goodwill as a result of these tests are irreversible.

The carrying amount of goodwill in the consolidated balance sheet corresponds to the gross amount less any accumulated impairment losses.

2.7 Financial assets and liabilities

Definitions

The Group classifies its financial assets into the following categories in accordance with IAS 39: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and financial assets designated upon initial recognition as at fair value through profit or loss. Derivative instruments are categorized as held for trading, unless they are designated as part of a hedging relationship. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within twelve months of the balance sheet date.

In the consolidated balance sheet, these items are recorded under “Derivative instruments” (note 15).

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in “Other receivables” under current assets except when they are due more than twelve months after the balance sheet date, in which case they are recorded as non-current assets under “Long-term loans and receivables” (note 10) or “Other non-current assets” (note 12).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or are not classified in any of the other categories. They are reported under non-current assets unless management intends to dispose of them within twelve months of the balance sheet date.

Available-for-sale financial assets correspond to “Investments in non-consolidated companies” (note 8) in the consolidated balance sheet.

(d) Financial liabilities

Financial liabilities as defined by IAS 39 include borrowings measured at amortized cost and financial liabilities measured using the fair value option.

They correspond to “Borrowings” (note 22) and “Trade and other payables” (note 23) in the consolidated balance sheet.

Recognition and measurement of financial assets

(a) Investments in non-consolidated companies

Investments in non-consolidated companies represent Group interests in entities that are not controlled by the Group. They are stated at cost, which the Group considers to represent fair value, as no active market exists which would enable the fair value to be measured reliably. Impairment losses are recorded for a prolonged decline in value in use, which is determined based on the most appropriate financial criteria, including the Group's equity in the underlying net assets and the earnings outlook of the company concerned.

(b) Loans and receivables

Loans and receivables are measured at amortized cost using the effective interest method. If there is objective evidence that they are impaired, an impairment loss is recorded to write these assets down to their fair value. They are tested for impairment at each reporting date, or whenever there is an indication that they may be impaired, by comparing their recoverable amount with their carrying amount. Any impairment losses are recorded in the income statement.

Trade receivables have short maturities and are therefore stated at nominal value.

(c) Marketable securities

Gains and losses arising on changes in the fair value of marketable securities are recognized in the income statement during the period in which they arise.

Recognition and measurement of financial liabilities

Borrowings and other financial liabilities are generally measured at amortized cost using the effective interest method. Operating liabilities have short maturities and are therefore stated at nominal value.

Financial liabilities hedged by interest-rate swaps qualify for fair value hedge accounting under IAS 39. The gain or loss from re-measuring the hedged financial liability is recognized in profit or loss and is offset by the loss or gain from re-measuring the swap at fair value.

Fair value disclosures

Effective January 1, 2009, the Group adopted the amendment to IFRS 7 concerning disclosures about financial instruments measured at fair value. The amendment requires companies to disclose the technique used to measure financial instruments at fair value, based on the three levels of input introduced in the fair value hierarchy. These are quoted prices for similar instruments (level 1), directly observable market inputs other than level 1 inputs (level 2) and inputs not based on observable market data (level 3).

The table below presents financial assets measured at fair value by input level. No financial liabilities are measured at fair value (except for derivative instruments).

	Level 1	Level 2	Level 3
Marketable securities	x		
Derivative instruments		x	
Investments in non-consolidated companies			x

2.8 Derivative instruments and hedges

The Group uses derivatives to hedge its exposure to currency and interest rate risks. All derivative instruments are recognized in the balance sheet and measured at fair value.

The Group hedges forecast transactions in foreign currencies, such as sales of products in dollars. Changes in the fair value of derivative instruments that qualify as hedges of forecast transactions are recognized directly in equity and subsequently reclassified to profit or loss in the same period or periods when the transaction is settled and impacts profit or loss.

Changes in the fair value of hedged firm commitments and of currency derivatives that qualify as fair value hedges are recorded in the income statement.

Changes in the fair value of financial instruments used to hedge currency risks on the Group's net investment in foreign operations that result from changes in exchange rates, are recognized in equity under "Translation reserve", offsetting all or part of the opposite change in the fair value of the underlying net investment caused by changes in exchange rates.

Depending on the circumstances, interest rate swaps are used to convert variable rate debt into fixed rate debt and vice versa. In the first case, gains and losses arising from remeasurement of the swaps at fair value are accumulated in equity and reclassified into profit or loss when the variable rate interest is recognized.

In the second case, the gains and losses are recognized directly in profit or loss and the carrying amount of the hedged portion of the underlying debt is adjusted to reflect the rate change.

Fair value adjustments to interest rate and currency derivatives held for trading are recognized immediately in the income statement.

2.9 Deferred taxes

Deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax base, as follows:

- All deferred tax liabilities are recognized.
- Deferred tax assets arising from temporary differences or from tax loss carryforwards are recognized only when it is probable that the differences will reverse or the assets will be recovered in the foreseeable future.

Deferred tax assets and liabilities are adjusted at the year-end for enacted changes in tax rates and tax laws.

A deferred tax liability is recognized for withholding taxes only in respect of dividends for the year to be received in the following year.

Deferred tax assets and liabilities are offset within each company or taxable entity.

2.10 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The cost of finished products and work-in-progress includes raw materials, direct production costs and production overheads based on normal capacity utilization rates.

2.11 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. Amortized cost is measured by the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Indications that a receivable may be impaired include any significant financial difficulties encountered by the debtor, the probability of the debtor filing for bankruptcy or a financial restructuring, the risk of default, or if a payment has been missed. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the initial effective interest rate. It is recorded in the income statement under "Distribution costs".

2.12 Cash and cash equivalents

Cash and cash equivalents analyzed in the cash flow statement correspond to cash in hand, marketable securities and short-term deposits. Cash equivalents are highly liquid instruments with short maturities (less than three months) that are not exposed to any material risk of impairment.

Marketable securities are accounted for as financial assets at fair value through profit or loss. Short-term bank deposits and cash in hand are qualified as loans and receivables and are measured at amortized cost.

Bank overdrafts are recorded under "Short-term bank loans and overdrafts" in current liabilities.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or stock options are recorded in equity as a deduction from the issue proceeds, net of tax.

Where any Group company purchases the Company's equity share capital (treasury stock), the consideration paid, including directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs. They are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the balance sheet date, in which case they are classified as non-current.

2.15 Employee benefits

Obligations for the payment of post-employment benefits and other long-term employee benefits are measured by the projected unit credit method and recognized in accordance with IAS 19.

The recognized obligation takes into account the fair value of plan assets – for example under insured plans – at the balance sheet date.

For post-employment benefit plans, actuarial gains and losses arising as a result of changes in actuarial assumptions and experience adjustments are expensed over the estimated remaining service lives of employees using the corridor method.

For other long-term employee benefits and length-of-service awards payable to employees on retirement, actuarial gains and losses are recognized immediately.

2.16 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) the amount of the provision can be reliably estimated. Restructuring provisions include lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability concerned. The increase in the carrying amount of provisions to reflect the passage of time is recognized as interest expense.

2.17 Revenue recognition

Revenue from sales of goods and services is recognized, net of value-added tax, rebates and discounts, when the risks and rewards incidental to ownership of the goods are transferred to the customer or when the service is rendered.

2.18 Other operating income and expense

This item primarily consists of foreign exchange gains and losses, restructuring costs and impairment losses.

2.19 Earnings per share

Basic earnings per share are computed by dividing profit attributable to equity holders of the parent by the weighted average number of shares outstanding, representing the number of shares issued less the average number of shares held in treasury or by subsidiaries.

Diluted earnings per share are determined by adjusting basic earnings per share for the dilutive effect of employee stock options or stock warrants from the date on which the options are granted or the warrants are issued, except in cases where the exercise price exceeds the market price of Chargeurs shares.

2.20 Stock options

For stock options granted after November 7, 2002 that vested after January 1, 2005, the options' estimated fair value on the grant date is recognized as an expense, leading to a corresponding increase in equity. For options granted conditional upon the achievement of performance targets, the fair value of the options is expensed over the vesting period.

3. Use of accounting estimates and assumptions

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

3.1 Critical accounting estimates and assumptions

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

(a) Impairment of goodwill

Goodwill is tested for impairment on an annual basis as described in note 2.6. The recoverable amounts of cash-generating units are determined based on calculations of value in use, which require the use of estimates (see note 6).

Impairment tests performed in 2009 did not reveal any impairment in the carrying amount of goodwill.

(b) Income tax

The tax assets arising from group relief in France, tax loss carryforwards and deductible temporary differences amounted to €11.4 million at December 31, 2009. The recoverability of these assets was assessed based on forecast taxable profit for future years.

3.2 Critical judgments

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

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

The notes to the 2005 consolidated financial statements disclosed the following information:

French GAAP

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

IFRS

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

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

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

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

4. Acquisitions – Disposals

On October 9, 2009, Chargeurs sold its remaining 50% interest in Fashion Company. The impact of the sale on the 2009 income statement was a negative €0.9 million.

Fashion Company was previously accounted for by the equity method and its disposal therefore had no impact on consolidated revenue.

NOTES TO THE BALANCE SHEET

5. Property, plant and equipment

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

(in € millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
January 1, 2008	**8.4**	**34.3**	**35.3**	**8.1**	**3.3**	**89.4**
Additions		0.3	7.4	0.9	3.6	12.2
Disposals	(0.9)	(2.1)	(4.7)	(0.4)	(0.4)	(8.5)
Change in scope of consolidation		0.1	(1.3)			(1.2)
Depreciation	(0.6)	(3.0)	(7.1)	(1.6)		(12.3)
Impairment	(1.4)	(3.5)	(6.0)	(0.1)	(0.1)	(11.1)
Other			3.4	(0.5)	(3.0)	(0.1)
Translation adjustment	0.1	0.9	1.6	0.3	0.1	3.0
December 31, 2008	**5.6**	**27.0**	**28.6**	**6.7**	**3.5**	**71.4**

(in € millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
January 1, 2009	**5.6**	**27.0**	**28.6**	**6.7**	**3.5**	**71.4**
Additions	0.1	0.1	11.1	0.3	1.6	**13.2**
Disposals	(0.2)	(1.5)	(1.0)	(0.1)		**(2.8)**
Change in scope of consolidation						**0.0**
Depreciation		(2.5)	(5.0)	(1.4)		**(8.9)**
Impairment	(0.6)	(0.1)	(8.2)	(0.1)		**(9.0)**
Other		0.2	1.8	0.9	(3.0)	**(0.1)**
Transfers to “Assets held for sale”		(0.2)	(0.3)	(0.8)		**(1.3)**
Translation adjustment	(0.1)	(0.2)	(0.7)	(0.1)		**(1.1)**
December 31, 2009	**4.8**	**22.8**	**26.3**	**5.4**	**2.1**	**61.4**

(a) Measurement of property, plant and equipment

(i) Land and buildings were valued in 2004 by independent international valuers in order to determine the fair values of these assets to be used as their deemed cost in the opening IFRS balance sheet at January 1, 2004 (the date of transition of IFRS).

(ii) Plant and equipment are tested for impairment when there is an indication that their carrying amounts may be impaired. Impairment indicators include industrial reorganizations, site closures and business divestments.

(iii) The value of assets held by each business is also reviewed when goodwill is tested for impairment.

The assets of Chargeurs Protective Films, Chargeurs Interlining and Chargeurs Wool were tested for impairment in accordance with paragraphs (ii) and (iii) above.

In 2009, certain operating leases were converted into finance leases. This led to a €10.3 million increase in the cost of property, plant and equipment (€3.0 million increase net of accumulated depreciation) and in finance lease liabilities.

6. Goodwill and other intangible assets

(a) Goodwill arising on acquisition of subsidiaries

Goodwill arising on the acquisition of subsidiaries can be analyzed as follows:

(in € millions)	**Gross**	**Accumulated impairment losses**	**Net**
January 1, 2008	**70.4**	**(13.9)**	**56.5**
Goodwill recognized on companies acquired during the year	3.5		3.5
Translation adjustment	2.6		2.6
Change in scope of consolidation[(1)]	3.0	(1.8)	1.2
December 31, 2008	**79.5**	**(15.7)**	**63.8**
Goodwill recognized on companies acquired during the year			
Goodwill written of on companies disposed of during the year			
Goodwill written off on companies removed from the scope of consolidation	(1.7)		(1.7)
Translation adjustment			
Change in scope of consolidation Impairment losses recognized during the year			
December 31, 2009	**77.8**	**(15.7)**	**62.1**

(1) The €1.2 million reported under "Other" in 2008 concerns Chargeurs Protective Films and corresponds to a reclassification from other intangible assets.

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

(in € millions)	**December 31, 2009**	**December 31, 2008**
Chargeurs Protective Films	45.0	46.5
Chargeurs Interlining	17.1	17.3

Chargeurs Protective Films goodwill is measured in US dollars and the €1.5 million decline in its carrying amount between December 31, 2008 and 2009 was due to the dollar's fall against the euro over the period. Chargeurs Interlining's goodwill is now allocated to two cash-generating units (CGUs) following the acquisition of Etacol. The three companies held by Chargeurs Interlining in partnership with Ningbo Yak Technology Industrial together constitute a separate CGU. Goodwill allocated to this CGU is included in the carrying amount of "Investments in associates".

Goodwill impairment tests

Impairment tests were carried out on the two CGUs to which goodwill has been allocated by comparing their carrying amount with their recoverable amount as determined based on value-in-use calculations.

For Chargeurs Interlining, recoverable amount was determined using the four-year cash flow projections contained in the business plans approved by Management, as adjusted to comply with IAS 36. Cash flows beyond this four-year period were extrapolated by using the estimated growth rates shown in the table below.

For Chargeurs Protective Films a cash flow simulation model was developed based on various market parameters and different scenarios, taking into account the probability of each situation occurring. Simulations were then performed using the Monte Carlo method and present values were calculated. The final value allocated to Chargeurs Protective Films' goodwill corresponds to the average value of all of the different simulated scenarios.

The main value-in-use assumptions applied were as follows:

	Chargeurs Protective Films	Chargeurs Interlining
Average operating margin over the business plan period(1)	6.90%	6.10%
Growth rate(2)	2.00%	1% - 2%
Discount rate(3)		
2008	9.20%	8.1% - 10.1%
2009	8.70%	8%

The growth rates applied in 2009 to calculate terminal values for Chargeurs Protective Films and Chargeurs Interlining were unchanged from 2008, at 2% and 1% respectively, except for CGUs located in Asia which used a 2% growth rate.

(1) Operating profit/revenue.

The calculation is based on operating profit before restructuring costs or other non-recurring items.

(2) Equal to or less than the medium- to long-term growth rate for the industry as a whole. This rate was unchanged from 2007 for all of the Group's CGUs.

(3) The main parameters used to determine the discount rate were as follows:

	Chargeurs Protective Films	Chargeurs Interlining
Risk-free interest rate	4.10%	4.10%
Market risk premium	5.6%	5%
Beta	100%	100%
Specific risk premium	0%	2%
Cost of equity	9.7%	11.1%
Pre-tax cost of debt	7.10%	5.80%
Tax rate	33.33%	33.33%
Post-tax cost of debt	4.73%	3.87%
Net debt/capital employed	20%	33%
Weighted average cost of capital	8.71%	8.71%
Discount rate applied	8.71%	8.25%/9.3%

A one-point increase in the discount rate used to calculate the recoverable amount of Chargeurs Protective Films goodwill would not lead to the recognition of any impairment loss.

Similarly, applying the highest discount rate in the range to calculate the recoverable amount of Chargeurs Interlining goodwill would not lead to the recognition of any impairment loss.

(b) Other intangible assets

During 2009, only one development project satisfied the asset recognition criteria in IAS 38.

(in € millions)	**Trademarks and patents**	**Development costs**	**Rights of use**	**Other**	**Total**
January 1, 2008	**3.3**	**1.3**	**2.0**	**0.6**	**7.2**
Capitalized development costs		0.9			0.9
Additions	0.6				0.6
Disposals					0.0
Change in scope of consolidation					0.0
Amortization	(1.2)	(0.1)			(1.3)
Impairment			(0.1)		(0.1)
Other	(1.2)				(1.2)
Translation adjustment	0.1		0.3		0.4
December 31, 2008	**1.6**	**2.1**	**2.2**	**0.6**	**6.5**

(in € millions)	**Trademarks and patents**	**Development costs**	**Rights of use**	**Other**	**Total**
January 1, 2009	1.6	2.1	2.2	0.6	6.5
Capitalized development costs		0.3			0.3
Additions	0.1			0.7	0.8
Disposals					
Change in scope of consolidation					
Amortization	(0.1)	(0.2)		(0.2)	(0.5)
Impairment	(0.4)		(0.1)		(0.5)
Transfers to “Assets held for sale”	(0.5)		(0.6)		(1.1)
Other					0.0
Translation adjustment			(0.1)		(0.1)
December 31, 2009	**0.7**	**2.2**	**1.4**	**1.1**	**5.4**

7. Finance leases

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

(in € millions)	**December 31, 2009**	**December 31, 2008**
Land	2.9	2.9
Buildings	30.4	30.4
Plant and equipment	17.5	8.4
Fixtures, fittings and other	9.0	7.8
Gross	**59.8**	**49.5**
Accumulated depreciation	(30.5)	(28.5)
Accumulated impairment	(9.6)	
Net	**19.7**	**21.0**

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

(in € millions)	**December 31, 2009**	**December 31, 2008**
Future minimum lease payments under finance leases	27.7	21.4
Finance lease liabilities	25.4	18.4
Future finance cost	2.3	3.0

Future lease payments can be analyzed by maturity as follows:

(in € millions)	**Minimum lease payments**	**Finance lease liabilities**
Due in less than one year	6.5	5.7
Due in one to five years	21.1	19.7
Due in more than five years	0.1	
Total at December 31, 2009	**27.7**	**25.4**
Due in less than one year	4.4	3.4
Due in one to five years	15.2	13.3
Due in more than five years	1.8	1.7
Total at December 31, 2008	**21.4**	**18.4**

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

8. Investments in non-consolidated companies

The carrying amount of investments in non-consolidated companies can be analyzed as follows:

(in € millions)	December 31, 2009	December 31, 2008
Interests of over 50%		
Aggregate	1.3	1.7
Interest of between 20% and 50%		
Aggregate	0.1	0.2
Interests of less than 20%		
Aggregate	0.1	0.1
Total	**1.5**	**2.0**

As these investments are not listed they cannot be valued using observable market inputs and are therefore classified at level 3 in the fair value hierarchy, in accordance with IFRS 7R.

The fair value of these assets is close to their carrying amount. An impairment loss is recorded where necessary.

9. Investments in associates

(a) Movements

Investments in associates amounted to €17.3 million at December 31, 2009 and €18.0 million at December 31, 2008.

(in € millions)	**Yak entities**	**Fashion entities**	**Peinaduria Rio Chubut**	**Other**	**Total**
January 1, 2008	11.7	7.8	2.1	3.5	25.1
Additions			0.3	0.3	0.6
Disposals					0.0
Change in scope of consolidation					0.0
Share of profit/(loss) for the period	1.0	(7.7)	0.1	(1.3)	(7.9)
Dividends received	(1.1)			(0.1)	(1.2)
Other					0.0
Translation adjustment	1.5	(0.1)			1.4
December 31, 2008	**13.1**	**(0.0)**	**2.5**	**2.4**	**18.0**

(in € millions)	Yak entities	Fashion entities	Peinaduria Rio Chubut	Other	Total
January 1, 2009	**13.1**	**(0.0)**	**2.5**	**2.4**	**18.0**
Participation in rights issue		1.9	1.3		3.2
Disposals		(0.1)			(0.1)
Share of profit/(loss) for the period	0.5	(1.8)	(0.4)	(0.8)	(2.5)
Dividends received	(0.4)				(0.4)
Other					
Translation adjustment	(0.5)		(0.4)		(0.9)
December 31, 2009	**12.7**	**0.0**	**3.0**	**1.6**	**17.3**

(b) Key figures for associates (accounted for by the equity method)

Key figures for associates, carried in the balance sheet in the amount of €17.3 million at December 31, 2009, were as follows:

	December 31, 2009			December 31, 2008			
(in € millions)	Yak	Other	Total	Yak	Fashion	Other	Total
Assets (100%)	15.9	26.1	**42.0**	16.1	53.5	28.4	**98.0**
Liabilities (100%)	5.6	10.3	**15.9**	5.6	35.1	13.5	**54.2**
Revenue (100%)	3.5	14.2	**17.7**	4.0	63.6	11.4	**79.0**
Net profit/(loss) (100%)	1.1	0.9	**2.0**	2.0	(11.5)	(1.3)	**(10.8)**
Group share of profit/(loss)*	0.5	-3.0	**(2.5)**	1.0	(7.7)	(1.2)	**(7.9)**

* The Chargeurs Fashion entities were sold during the year. The Group's share of these companies' losses amounted to €1.8 million and is reported in the "Other" column.

The carrying amount of the Group's investments in associates includes goodwill of €7.7 million corresponding to two interlining manufacturers in China.

10. Long-term loans and receivables

The €7.2 million total for this item breaks down as follows:

- Long-term loans in an amount of €1.5 million
- Long-term deposits in an amount of €5.7 million.

The fair value of these assets approximates their carrying amount.

11. Deferred taxes

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

(in € millions)	**December 31, 2009**	**December 31, 2008**
Deferred tax assets, net		
- Recoverable beyond 12 months	10.7	17.6
- Recoverable within 12 months	12.9	13.0
Deferred tax liabilities		
- Settlement beyond 12 months	-10.1	-10.0
- Settlement within 12 months	-1.8	-1.9
Net	11.7	18.7

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

(in € millions)	**December 31, 2009**	**December 31, 2008**
Deferred tax assets, net		
- Deductible temporary differences	16.5	15.9
- Tax loss carryforwards and tax credits	7.1	14.7
Deferred tax liabilities		
- Taxable temporary differences	(11.9)	(11.9)
Net	11.7	18.7

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

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

Net deferred tax assets decreased by €7.0 million in 2009.

Tax loss carryforwards were as follows at December 31, 2009:

	December 31, 2009	
(in € millions)	**Total**	**Unrecognized**
Available until		
2010	0.5	0.5
2011	-	-
2012	0.9	0.9
2013	1.3	1.3
2014	25.4	25.4
Evergreen losses	357.2	328.5
Total tax loss carryforwards	385.3	356.6

12. Other non-current assets

Other non-current assets amounted to €3.1 million at December 31, 2009.

13. Inventories and work-in-progress

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

(in € millions)	**December 31, 2009**	**December 31, 2008**
Gross		
Raw materials and supplies	52.1	43.7
Finished and semi-finished goods and work-in-progress	72.4	101.6
Total - gross	124.5	145.3
Provisions for impairment	(7.5)	(10.5)
Net	**117.0**	**134.8**
Increase in provisions for impairment of inventory	**(4.1)**	**(7.1)**
Reversals of provisions used	**3.5**	**1.4**
Reversals of surplus provisions	**3.1**	**1.4**

Note: inventories at December 31, 2008 reflect the correction of an error in the published amount (see note 38 for details).

14. Trade receivables

(in € millions)	December 31, 2009	December 31, 2008
Trade receivables		
Gross	82.1	87.3
Provision for impairment	(13.0)	(11.4)
Net	69.1	75.9

As these receivables are all short term and are not interest bearing, changes in interest rates do not generate any material interest rate risk. Given their short maturities, their fair value may be considered to be close to their carrying amount.

Customer credit risks are managed on a local, decentralized basis. Provisions for past-due receivables are determined on a case-by-case basis, taking into account the amount recoverable under credit insurance, local practices, the customer's payment history and the total balance due.

Factored receivables

Certain receivables have been sold under no-recourse agreements with factoring companies.

The amounts paid by the factoring companies for the receivables totaled €45.7 million at December 31, 2009 (€64.7 million at December 31, 2008).

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

15. Derivative instruments

The carrying amount of derivatives can be analyzed as follows:

(in € millions)	**December 31, 2009**		**December 31, 2008**	
Assets net of liabilities	Fair value	Notional	Fair value	Notional
Fair value hedges				
Currency hedges	0.3	14.4	(2.0)	3.9
Cash flow hedges				
Currency hedges	0.3	1.0	0.3	(7.4)
Interest rate hedges			0.1	(24.0)
Commodity hedges			-	-
Hedges of net investments in foreign operations				
Currency hedges				
Derivatives not qualifying for hedge accounting				
Currency hedges			0.1	(6.3)
Interest rate hedges	(0.1)	(48.0)	0.2	(24.0)
Derivative instruments – net asset/(liability)	**0.5**		**(1.3)**	

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

Fair value hedges on a notional amount of €14.4 million (net buyer position) correspond to hedges of assets and liabilities and firm commitments by subsidiaries.

Cash flow hedges on a notional amount of €0.9 million (net buyer position) correspond to hedges of the Group's exposure to changes in the exchange rate for the US dollar (€7.1 million net seller position) and the euro (€8 million net buyer position).

Interest rate hedges on a notional amount of €48 million (net borrower position) correspond to the partial conversion to fixed rate of €24 million in credit lines obtained by Chargeurs Protective Films, through interest rate swaps. In addition, a swap cancellation option has been purchased on a notional amount of €24 million.

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

(in € millions)	**December 31, 2009**	**December 31, 2008**
Australian dollar	11.2	24.0
US dollar	(4.3)	(23.8)
Euro	2.4	(9.7)
Pound sterling	3.8	0.1
South African rand	2.3	3.0
Korean won		(0.7)
Chinese yuan		(2.7)
Total	**15.4**	**(9.8)**

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

(in € millions)	December 31, 2009	December 31, 2008
Euro	(48.0)	(48.0)
US dollar	-	-

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

(in € millions)	December 31, 2009	December 31, 2008
Euro	-	-

Maturities of derivatives at fair value

(in € millions)	December 31, 2009	December 31, 2008
Within 6 months	(0.5)	(1.6)
In 6 to 12 months	-	-
In 12 to 18 months	-	-
In more than 18 months	-	0.3

16. Other receivables

(in € millions)	December 31, 2009	December 31, 2008
Short-term tax receivables	1.2	3.0
Other receivables	44.4	58.0
Accruals	1.1	1.1
Provisions for impairment	(1.8)	(2.6)
Net	**44.9**	**59.4**

"Other receivables" include tax credits, the unfunded portion of no-recourse sales of receivables and supplier advances. The fair value of these assets closely approximates their carrying amount.

17. Cash and cash equivalents

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

(in € millions)	December 31, 2009	December 31, 2008
Cash equivalents		
Marketable securities	9.5	21.0
Term deposits	7.3	7.3
Sub-total	**16.8**	**28.3**
Cash at bank	39.1	29.5
Total	**55.9**	**57.8**

18. Assets held for sale

	December 31, 2009	December 31, 2008	December 31, 2007
Assets held for sale	5.8		
Liabilities related to assets held for sale	3.2		

The Group has decided to sell two of its textile businesses in China and a textile unit in France. Contacts have been established with various potential buyers. The reclassification of these entities under "Assets held for sale" led to €0.9 million in write-downs of plant and equipment. In 2009, these companies together generated a net loss of €1.7 million.

19. Equity

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since January 1, 2008 are as follows:

Shares outstanding at January 1, 2008	**10,377,097**
Issuance of shares on exercise of employee stock options	-
Shares outstanding at December 31, 2008	**10,377,097**
Issuance of shares on exercise of employee stock options	-
Shares outstanding at December 31, 2009	**10,377,097**

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

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

Shares held in treasury can be analyzed as follows:

	December 31, 2009		December 31, 2008	
	Number	Cost in €	Number	Cost in €
Chargeurs shares held:				
- By Chargeurs	13,334	230,851	13,334	230,851
- In connection with the liquidity contract	103,000	972,436	118,100	1,328,725
Total	**116,334**	**1,203,287**	**131,434**	**1,559,576**

"Other reserves" include cumulative net gains on cash flow hedges for €0.3 million at December 31, 2009 and €0.4 million at December 31, 2008.

20. Pension and other post-employment benefit obligations

Provisions for pension and other post-employment benefit obligations can be analyzed as follows:

(in € millions)	December 31, 2009	December 31, 2008
Post-employment benefit obligations	8.5	9.4
Post-employment healthcare plans	0.9	1.4
Other long-term employment benefit obligations	1.7	1.4

Post-employment benefits under defined benefit plans correspond to statutory length-of-service awards payable to employees on retirement in France and other plans giving rise to less significant obligations. Other long-term employee benefits consist mainly of long-service awards.

The amounts recognized in the balance sheet for these plans can be analyzed as follows:

(in € millions)	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005
Present value of obligations – funded plans	16.8	18.8	18.0	21.1	23.6
Fair value of plan assets	(13.1)	(12.5)	(15.7)	(18.8)	(19.2)
Present value of unfunded obligations – funded plans	3.7	6.3	2.3	2.3	4.4
Present value of obligations – unfunded plans	8.0	7.3	7.7		
Unrecognized actuarial gains/(losses)	(1.3)	(2.3)	0.5		
Unrecognized past service costs	0.7	0.9	1.0		
Reimbursement rights					
Net liability in the balance sheet	**11.1**	**12.2**	**11.5**		

Note: the net liability at December 31, 2008 reflects the correction of an error in the published amount (see note 38 for details).

The unrecognized actuarial loss for 2008 reflects the impact of falling equity markets on a portion of the plan assets and could result in the Company having to pay additional contributions into the plans over a period of seven years if the situation does not improve.

Movements in the projected benefit obligation under funded plans can be analyzed as follows:

(in € millions)	December 31, 2009	December 31, 2008
Projected benefit obligation at January 1	**18.8**	**18.0**
Service cost	0.2	0.2
Interest cost	1.1	1.1
Curtailments and settlements	(0.8)	(0.2)
Benefits paid out of plan assets	(1.5)	(1.5)
Benefits paid out of plan assets	(0.1)	-
Transfer of obligations to external parties (employee transfers)	-	(0.1)
Actuarial (gains)/losses for the period	0.5	0.4
Translation adjustment	(0.5)	0.8
Change from a funded to an unfunded obligation	(1.0)	
Other	0.1	0.1
Projected benefit obligation at December 31	**16.8**	**18.8**

Movements in the fair value of plan assets for funded plans were as follows:

(in € millions)	December 31, 2009	December 31, 2009
Fair value of plan assets at January 1	**12.5**	**15.7**
Actuarial (gains)/losses for the period	2.1	(2.7)
Employer contributions	0.3	0.5
Benefits paid out of plan assets	(1.5)	(1.5)
Translation adjustment	(0.3)	0.5
Change in scope of consolidation		
Fair value of plan assets at December 31	**13.1**	**12.5**

The breakdown of plan assets was as follows at December 31, 2009 and 2008:

	December 31, 2009	December 31, 2008
Money market funds	1%	2%
Equities	43%	34%
Bonds	53%	63%
Real estate	3%	1%
Total	**100%**	**100%**

Movements in the projected benefit obligations under unfunded plans can be analyzed as follows:

(in € millions)	2009	2008
Projected benefit obligation at January 1	**7.3**	**7.7**
Service cost	0.4	0.5
Interest cost	0.2	0.2
Curtailments and settlements	(0.3)	(0.1)
Benefits paid out of Company reserves	(0.5)	(0.7)
Actuarial (gains)/losses for the period		(0.1)
Translation adjustment		0.0
Change from a funded to an unfunded obligation	1.0	-
Change in scope of consolidation	(0.1)	(0.2)
Projected benefit obligation at December 31	**8.0**	**7.3**

The amounts recognized in the income statement for defined benefit plans and other long-term employee benefits can be analyzed as follows:

(in € millions)	2009	2008
Service cost	0.1	0.7
Interest cost	0.8	1.2
Expected return on plan assets	(0.1)	(1.1)
Amortization of actuarial gains and losses	-	1.8
Amortization of past service cost	(0.4)	(0.3)
Reversal of surplus provisions	(0.8)	(0.5)
Net (income)/expense recognized in the income statement	**(0.4)**	**1.8**

The net expense is accounted for by function in cost of sales, distribution and administrative expenses, and research and development costs.

Changes in the net liability recognized in the balance sheet can be analyzed as follows:

(in € millions)	2009	2008
Net liability at January 1	**12.2**	**11.5**
Net (income)/expense recognized in the income statement	(0.4)	1.8
Benefits paid during the year	(0.6)	(1.1)
Exchange differences on foreign plans	(0.1)	0.2
Change in scope of consolidation		(0.2)
Net liability at December 31	**11.1**	**12.2**

The main actuarial assumptions at December 31, 2009 and 2008 were as follows:

	December 31, 2009	December 31, 2008
Europe		
Expected rate of return on plan assets[(1)]	**5.0%**	**5.0%**
Discount rate applied to projected benefit obligation[(2)]	**5.0%**	**5.75%**
Estimated future salary increases		
Managers	**2.5%**	**2.5%**
Other employees	**2.0%**	**2.0%**
Long-term (underlying) inflation rate	**2.0%**	**2.0%**

[(1)] Representing the average of the expected rates of return calculated for each asset class.

[(2)] Corresponding to the interest rate on investment grade corporate bonds.

North America		
Expected rate of return on plan assets[(2)]	**7.75%**	**7.75%**
Discount rate applied to projected benefit obligation[(1)(2)]	**6.25%**	**6.25%**

The initial annual increase in healthcare costs is estimated at 9%, with this rate subsequently falling by 1-point per year until it reaches an annual growth rate of 5%.

[(1)] Based on the Citigroup bond index

[(2)] The two rates include an underlying inflation assumption.

Probable retirement age	60-65	60-65

A 1-point increase or decrease in the estimated growth rate for healthcare costs would not have a material impact on the related projected benefit obligation, service cost or interest cost.

21. Provisions

The amount reported under “Provisions” in the balance sheet does not include short-term provisions which are included in “Other payables”.

(in € millions)	**December 31, 2009**	**December 31, 2008**
Long-term provisions	5.8	7.2
Short-term provisions	14.6	13.7
Total	**20.4**	**20.9**

Provisions can be analyzed as follows:

(in € millions)	Long-term provisions	Short-term provisions	Total
January 1, 2008	3.9	3.6	7.5
Additions	3.4	12.3	15.7
Reversals of provisions used	(0.1)	(1.3)	(1.4)
Reversals of surplus provisions		(0.3)	(0.3)
Change in scope of consolidation		(0.6)	(0.6)
Other			0.0
Translation adjustment			0.0
December 31, 2008	**7.2**	**13.7**	**20.9**

(in € millions)	Long-term provisions	Short-term provisions	Total
January 1, 2009	**7.2**	**13.7**	**20.9**
Additions	0.8	5.9	6.7
Reversals of provisions used	(0.1)	(5.0)	(5.1)
Reversals of surplus provisions	(1.1)	(1.0)	(2.1)
Other	(1.0)	0.9	(0.1)
Translation adjustment	-	0.1	0.1
December 31, 2009	**5.8**	**14.6**	**20.4**

(in € millions)	December 31, 2009	December 31, 2008
Provisions for industrial restructuring costs	12.9	14.1
Provisions for other contingencies	7.5	6.8
Total	**20.4**	**20.9**

Provisions for industrial restructuring costs mainly concerned Chargeurs Interlining.

The cash costs of the restructuring plans will be incurred in 2010 in the amount of €12.0 million. Cash outflows covered by provisions for other contingencies will amount to €2.5 million in 2010 and €5.0 million in subsequent years.

22. Borrowings

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

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

(in € millions)	December 31, 2009	December 31, 2008
Due in less than one year	6.4	20.3
Due in one to two years	9.1	18.2
Due in two to three years	61.7	14.3
Due in three to four years	17.9	4.0
Due in four to five years	7.7	3.3
Due in more than five years	2.1	2.0
Total	**104.9**	**62.1**

Borrowings by type of lender

(in € millions)	Notional amount December 31, 2009	Notional amount December 31, 2008	Effective interest rate December 31, 2009
Loans from financial institutions	104.9	62.1	1.70%
Bank overdrafts	40.1	80.4	

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

(in € millions)	2010	2011	2012	2013	2014	2015 and beyond
Fixed-rate borrowings	3.2	3.2	3.1	3.7	0.1	0.1
Variable-rate borrowings	91.5					

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

(in € millions)	2010	2011	2012	2013	2014	2015 and beyond
Fixed-rate borrowings	3.2	3.2	11.1	11.7	6.1	2.1
Variable-rate borrowings	67.5					

At December 31, 2009 the average interest rate on long-term debt (excluding 2-year confirmed lines of credit) was 1.72% before hedging (5.20% at December 31, 2008) and 2.72% after hedging (4.54% at December 31, 2008).

After hedging, 51.2% of average debt was at fixed rates of interest in 2009 (41.90% in 2008).

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

(in € millions)	December 31, 2009	December 31, 2008
Euro	92.8	57.7
US dollar	7.6	4.4
Other	4.5	-
Total	**104.9**	**62.1**

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates applied. At December 31, 2009, the carrying amount of borrowings originally contracted at fixed rates was €37.4 million.

In 2009, the Group began negotiations with its partner banks to consolidate its financing resources by restructuring part of its debt. An agreement in principle was reached on December 29, 2009 for the restructuring of over €80 million in debt and a final agreement was signed on February 4, 2010, replacing all earlier agreements.

This final agreement concerns short and medium-term credit facilities granted to the Interlining and Protective Films businesses. The main terms of the restructuring are as follows:

- The unconfirmed facilities have been combined into a single facility for a firm period of two years starting in January 2010.
- Effective from January 2010, a two-year payment moratorium has been granted on the medium-term facilities, with payment due from the third to the fifth year.

The credit facilities are subject to the usual clauses, including an acceleration clause that would apply if Chargeurs were to pay a dividend in 2010 and 2011.

Effective from June 2010, the credit facilities granted to the Interlining and Protective Films businesses will be subject to the usual covenants, with the ratios (net debt/EBITDA and interest cover) calculated at six-monthly intervals over rolling 12-month periods at the level of each business.

	Protective Films	Interlining
Net debt/EBITDA	< 11.0	< 9.0
Interest cover (EBITDA/finance costs)	> 2.6	> 2.0

The banks have agreed to the restructuring on condition that Chargeurs raises at least €22 million through a subordinated convertible bond issue before the end of April 2010. Shareholders authorized the Board to carry out the convertible bond issue at the Extraordinary Meeting held on February 8, 2010.

23. Trade and other payables

"Other payables" include short-term provisions in an amount of €14.6 million (see note 21).

Receivables sold under no recourse agreements are shown in the balance sheet for €45.7 million (see note 14), with the corresponding liability recorded under "Factoring liabilities".

24. Financial risk management

In the normal course of business, the Chargeurs Group is exposed to financial risks including market risk (foreign exchange risk, interest rate risk and price risk on certain commodities), as well as credit and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative instruments to hedge certain risk exposures.

(a) Market risk

Market risks are monitored internally using reporting schedules that compare the entities' exposure to identified risks with market value indicators obtained from various external databases containing information on foreign currencies, interest rates and commodity prices that directly or indirectly affect the Group's operations and the value of its assets.

(i) Foreign exchange risk

The Group operates internationally, with 94% of revenue generated outside France, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Chinese yuan (as 48% of revenue is generated in the Americas and Asia). Foreign exchange risk relates to future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

In order to manage exposures to changes in exchange rates for the US dollar and various Asian currencies on a long-term basis, Chargeurs has relocated production facilities to Asia and the dollar zone. A total of 44.5% of assets are now located outside Europe.

Group entities use forward contracts and, exceptionally, currency options to manage foreign exchange risk arising from (i) future commercial transactions and (ii) recognized assets and liabilities denominated in foreign currencies.

External foreign exchange contracts are designated by each business line as fair value hedges, cash flow hedges or hedges of a net investment in a foreign operation, as appropriate.

The risk management policy for Chargeurs Protective Films and Chargeurs Interlining involves hedging a portion of forecast transactions (mainly export sales) in each major currency for the subsequent twelve months (calculated as part of the budget process). The percentage applied is determined in line with the IFRS definition of "highly probable forecast transactions" for hedge accounting purposes.

Chargeurs Wool's main foreign exchange exposures relating to transactions and borrowings in foreign currencies concern the Australian dollar, US dollar and South African rand. The related risks are hedged using forward currency contracts and certain option-based products.

The following table presents the sensitivity of consolidated equity to currency risk, based on data at December 31, 2009.

(in € millions)			
Total equity at December 31, 2009	**130.2**		
Of which, translation reserves at December 31, 2009	**(10.1)**		
	Translation reserves by currency	**Effect of a 10% increase in the exchange rate against the euro**	**Effect of a 10% decrease in the exchange rate against the euro**
related to the US dollar	(8.2)	0.8	(0.8)
related to the Argentine pesos	(2.6)	0.3	(0.3)
related to the British pound	(0.7)	0.1	(0.1)
related to the Turkish lira	(0.9)	0.1	(0.1)
related to the South African rand	(0.4)	0.0	0.0
related to the Australian dollar	(0.5)	0.1	(0.1)
related to the New Zealand dollar	0.1	0.0	0.0
related to the Korean won	(0.5)	0.1	(0.1)
related to the Czech koruna	1.6	0.2	(0.2)
related to the Chinese yuan	1.8	0.2	(0.2)
related to other currencies	0.2	0.0	0.0
Total	(10.1)	1.8	(1.8)

(ii) Interest rate risk

In 2006, interest rates on a significant portion of the Group's five-year credit lines were converted from variable rate to fixed rate through interest rate swaps (see note 21). No new interest rate hedges were set up in 2009.

A 1-point increase in interest rates would have a €1.1 million impact on net debt (including amounts received for no recourse receivables sales) that is not hedged against interest-rate risks.

(iii) Price risk

The Group is exposed to price risk on certain materials that are essential for its production operations. The Protective Films business is exposed to risks relating to certain oil byproducts, which it manages via its supplier contracts and sales pricing strategy. In 2009 this business once again used derivatives to hedge its exposure to commodity risk on an occasional basis. The Interlining business is exposed to fluctuations in the prices of fibers used in its products, a risk it manages by placing suppliers in competition with one another. The Wool business systematically matches its fixed-price sale commitments with fixed-price purchase commitments.

(b) Credit risk

(i) Trade receivables

The Group has no significant concentrations of credit risk as no one customer represents more than 10% of revenue. In addition, it protects itself against receivables risk through credit insurance and letters of credit wherever possible.

An internal ratings system has been developed for businesses that are exposed to a counterparty risk of over six months, whereby exposure limits are set in line with the risk profile of the counterparty concerned.

(ii) Country risk

The Group's geographical diversity means that it is not significantly exposed to political risk.

At December 31, 2009 the five main countries in which the Group's customers are located were rated at least "A" by Standard & Poor's.

2009		
Country	**% of total revenue**	**Credit rating***
China	21.0%	A+
Italy	17.0%	A+
Germany	9.4%	AAA
USA	9.0%	AAA
France	6.2%	AAA

(iii) Banking counterparty risk

The Group only deals with leading financial institutions for derivative instruments, cash-settled transactions and cash deposits.

(iv) Insurance counterparty risks

Chargeurs has set up insurance policies covering customer default, freight, property and casualty, business interruption, liability and other risks. These policies are taken out with a range of insurance companies, which were all rated at least "A+" by Standard & Poor's at December 31, 2009.

Insurers **Insured risks**	**Credit rating***
Customer default	A+
Freight	A+
Property & casualty	AA-
Liability	A
* Standard & Poor's rating	

(c) Liquidity risk

The Group manages its liquidity risk via the following three main strategies:

(i) *Ensuring that short-term assets exceed short-term liabilities*

December 31, 2009				
(in € millions)	**Total**	**Due in less than one year**	**Due in one to five years**	**Due beyond five years**
Financial assets and liabilities				
Cash and cash equivalents	55.9	55.9		
Long-term borrowings	(98.5)		(98.5)	
Short-term portion of long-term borrowings	(6.4)	(6.4)		
Short-term bank loans and overdrafts	(40.1)	(40.1)		
Net debt	(89.1)	9.4	(98.5)	0
Derivative instruments - assets	1.2	1.2		
Deposits	7.2	1.5	5.7	
Derivative instruments - liabilities	(0.7)	0	(0.7)	
Other financial assets and liabilities	7.7	2.7	5	0
Sub-total – financial assets and liabilities	(81.4)	12.1	(93.5)	0
Working capital				
Trade receivables	69.1	69.1		
Inventories	117	117		
Trade payables	(100.8)	(100.8)		
Sub-total – operating assets and liabilities	85.3	85.3	0.0	0.0
Total financial and operating assets and liabilities	3.9	97.4	(93.5)	0.0

December 31, 2008				
(in € millions)	Total	Due in less than one year	Due in one to five years	Due beyond five years
Financial assets and liabilities				
Cash and cash equivalents	57.8	57.8		
Long-term borrowings	(41.8)		(39.8)	-2
Short-term portion of long-term borrowings	(20.3)	(20.3)		
Short-term bank loans and overdrafts	(80.5)	(80.5)		
Net debt	(84.8)	(43)	(39.8)	-2
Derivative instruments - assets	1.3			
Deposits	9.3	1.6	7.7	
Derivative instruments - liabilities	(2.6)	(2.6)		
Other financial assets and liabilities	8	(1)	7.7	0
Sub-total – financial assets and liabilities	-76.8	-44	-32.1	-2
Working capital				
Trade receivables	75.9	75.9		
Inventories	134	134		
Trade payables	116.7	116.7		
Sub-total – operating assets and liabilities	326.6	326.6	0	0
Total financial and operating assets and liabilities	249.8	282.6	(32.1)	(2)

(ii) Forging partnerships with banks while maintaining a diversified lender base

The Group works with over 25 banks and financial institutions, of which the eight largest represent 65% of its available credit facilities.

(iii) Applying strict underwriting rules

When negotiating financing arrangements the Group is particularly careful to ensure that the related documentation minimizes liquidity risk. Specific negotiation standards have been set up to this end and documentation for material financing arrangements has to be validated at several different levels.

NOTES TO THE INCOME STATEMENT

25. Other operating income and expense

(in € millions)	2009	2008
Exchange gains and losses	0.2	(0.8)
Gains and losses on disposal of non-current assets	0.1	(0.3)
Restructuring costs	(6.8)	(31.3)
Impairment of non-current assets	(9.5)	
Other	(2.2)	(0.3)
Total	**(18.2)**	**(32.7)**

In 2009, restructuring costs included severance costs of €3.9 million (€4.6 million in 2008) and provision charges of €2.9 million (€26.7 million in 2008). They are analyzed by business segment in note 33.

26. Employee information

The average number of employees of fully consolidated subsidiaries was as follows in 2009 and 2008:

	2009	2008
Employees in France	612	771
Employees outside France	1,779	1,941
Total employees	2,391	2,712

(in € millions)	2009	2008
Wages and salaries	55.1	58.5
Payroll taxes	17.7	21.5
Discretionary profit sharing	-	0.5
Total	72.8	80.5

27. Finance costs and other financial income and expense

(in € millions)	2009	2008
Finance costs	(9.0)	(13.6)
Interest income on loans and investments	2.2	6.1
Fair value adjustments to:		
- Investments in non-consolidated companies	(0.5)	(1.5)
- Financial instruments	(0.4)	(2.7)
Exchange losses on transactions in foreign currencies		
Other	(1.5)	0.2
Finance costs and other financial income and expense, net	**(9.2)**	**(11.5)**

28. Income tax expense

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

(in € millions)	2009	2008
Current taxes	(3.1)	3.6
Deferred taxes	(6.9)	(9.4)
Total	**(10.0)**	**(5.8)**

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

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

(in € millions)	2009	2008
Income tax expense for the period	(10.0)	(5.8)
Standard French income tax rate	33.33%	33.33%
Tax at the standard rate	11.2	15.6
Difference between income tax expense for the period and tax at the standard rate	(21.2)	(21.4)
Effect of differences in foreign tax rates	(1.2)	(1.5)
Effect of permanent differences between book profit and taxable profit	1.1	(3.7)
Utilizations of tax losses recognized in prior periods		
Effect of unrelieved tax losses	(13.9)	(13.1)
Valuation allowances on deferred tax assets (tax loss carryforwards)	(6.7)	(10.0)
Other	(0.5)	6.9

France's 2010 Finance Act adopted on December 30, 2009 abolished the *taxe professionnelle* local business tax and replaced it with two new taxes:

- *Cotisation foncière des entreprises* (CFE), assessed on the rental value of real estate included in the current tax base for the *taxe professionnelle.*
- *Cotisation sur la valeur ajoutée des enterprises* (CVAE), assessed on the value-added created by the company, as reflected in the separate financial statements.

Following this change, the Group reviewed the accounting treatment of taxes in France under IFRS, based on the latest available analyses including the interpretations published by the International Financial Reporting Interpretations Committee (IFRIC).

The Group considers that the above change consists in substance of replacing the *taxe professionnelle* with two different types of taxes:

- CFE is assessed on rental values and may be capped at a certain percentage of value added. It is therefore very similar to taxe professionnelle and, like its predecessor, will be included in operating expense in 2010.
- Based on the Group's analysis, the CVAE meets the definition of income tax in IAS 12.2 ("taxes which are based on taxable profits"). In conducting its analysis, Chargeurs took into account the March 2006 and May 2009 decisions by IFRIC not to give guidance on which taxes are within the scope of IAS 12 – Income Taxes. IFRIC stated that, to be within the scope of IAS 12, a tax must be calculated on a net amount of income and expenses and that said net amount may be different from accounting profit. The Group considers that the CVAE meets some of the characteristics listed by the IFRIC, to the extent that value added represents a level of profit that is systematically used under French tax rules to determine the amount of CVAE due.

In accordance with IAS 12, the classification of CVAE as an income tax triggered the calculation, at December 31, 2009, of deferred tax liabilities on the carrying amount of property, plant and equipment, which represented the main source of taxable temporary differences at that date. As the entities concerned are all members of the French tax group, the effect of recognizing net deferred tax liabilities in respect of the CVAE was taken into account in the calculation of the tax group's deferred tax asset.

29. Stock options

The May 31, 2001 stock options expired on May 31, 2009. At December 31, 2009, there were no stock options outstanding.

30. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the period. The Company reported a basic loss per share of €4.5 for 2009 (net loss divided by the average number of shares outstanding).

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

31. Cash flows from operating activities

(in € millions)	2009	2008
Pre-tax profit/(loss) of consolidated companies	**(33.5)**	**(46.9)**
Adjustments to reconcile pre-tax profit to cash generated from operations:	**19.3**	**43.6**
. Depreciation and amortization	9.5	13.3
. Provisions and pension and other post-employment benefit obligations	(1.5)	14.8
. Impairment of non-current assets	8.8	14.5
. Fair value adjustments	0.8	0.9
. Impact of discounting		
. Unrealized gains on cash flow hedges reallocated or used during the period (before tax and minority interests)		
. (Gains)/losses on sales of investments in non-consolidated companies and other non-current assets	(0.1)	0.3
. Other	1.8	(0.2)
Income tax paid	**(0.7)**	**4.1**
Cash (used in)/generated from operations	**(14.9)**	**0.8**

32. Commitments and contingencies

32.1 Commercial commitments

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

32.2 Guarantees

At December 31, 2009, Chargeurs and its subsidiaries had given guarantees for a total of €0.2 million.

32.3 Collateral

At December 31, 2009, the Group had two financing facilities secured by liens on inventories for €4.5 million.

32.4 Commitments under non-cancelable medium-term operating leases

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

(in € millions)	December 31, 2009	December 31, 2008
Due in less than one year	5.8	8.8
Due in one to five years	19.8	**34**.2
Due in more than five years	1.1	0.0
Total	26.7	43.0

32.5 Legal risks

At December 31, 2009, Chargeurs and its subsidiaries were involved in various legal proceedings. The risks involved have been examined on a case-by-case basis and, after advice from counsel, provisions have been set aside as necessary.

Chargeurs has given seller's warranties in connection with the sale of certain subsidiaries. Adequate provisions are set aside soon as it appears likely that payments will be claimed under these warranties.

32.6 Tax 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.

32.7 Special purpose entities

- **Dolly structures**

Over the last few years, Chargeurs has taken steps to refocus all its resources on its core businesses. To achieve this refocusing, the Group has outsourced certain operations previously performed internally to external companies that are legally and financially independent from Chargeurs. This strategy is aligned with the restrictions arising from local laws in the Group's host countries.

- **CWP**

CWP performs approximately 47% of Chargeurs Wool's top-making operations. As these operations are outsourced, Chargeurs is a service provider for wool combing and top-making. If Chargeurs carried out these operations directly, its working capital requirement would be increased by approximately €14 million.

- **IMLA**

Following the termination of the operating leases between the three textile businesses and WMLA and IMLA, only Chargeurs Interlining renewed an operating lease with IMLA in 2006, for a six-year term.

Under the lease, the lessor does not have any obligation to buy back the assets. The related contract compiles with the standard accounting criteria for classification as an operating lease. During 2009, Chargeurs Interlining renegotiated some of its operating leases in order to convert them into finance leases.

33. Information by business segment

Profits and losses by business segment were as follows for 2009:

2009 *(in € millions)*	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Revenue	142.3	165.7	143.6		451.6
Operating profit/(loss)	(2.8)	(16.9)	0.1	(3.0)	(22.6)
Finance costs					(9.2)
Share of profit/(loss) of associates					(2.5)
Pre-tax profit/(loss) for the period					(34.3)
Income tax expense					(10.0)
Profit/(loss) from continuing operations					(44.3)
Profit/(loss) from discontinued operations					(1.7)
Profit/(loss) for the period					(46.0)

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

2008 *(in € millions)*	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Revenue	191.5	221.2	186.5		599.2
Operating profit/(loss)	11.3	(25.5)	(6.8)	(14.3)	(35.3)
Finance costs					(11.5)
Share of profit/(loss) of associates					(7.9)
Pre-tax profit/(loss) for the period					(54.7)
Income tax expense					(5.8)
Profit/(loss) for the period					(60.5)

Additional information concerning 2009:

(in € millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation	(2.3)	(4.7)	(1.8)	(0.1)	(8.9)
Impairment losses:					
On goodwill					
On property, plant and equipment		(8.3)	(0.2)	(0.5)	(9.0)
Impairment losses:					
On inventories	(2.0)	(2.1)			(4.1)
On trade receivables	(0.1)	(1.3)			(1.4)
Restructuring costs					0.0

Additional information concerning 2008:

(in € millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation	(2.5)	(6.3)	(3.5)		(12.3)
Impairment losses:					
On goodwill					
On property, plant and equipment		(10.6)		(0.5)	(11.1)
Impairment losses:					
On inventories	(1.4)	(3.8)	(1.9)		(7.1)
On trade receivables	0.1	(1.0)			(0.9)
Restructuring costs(1)		(25.9)	(4.5)	(3.8)	(34.2)

(1) In 2008, restructuring costs were recognized in other operating expense for €31.3 million and in gains and losses on disposal of non-current assets for €2.9 million.

Segment profit includes gains and losses on cash flow hedges accumulated in equity that are recycled into the income statement in the period when the hedged item affects profit or loss.

Finance costs include gains and losses corresponding to the effective portion of cash flow hedges used to hedge future interest payments. They also include gains and losses resulting from changes in the fair value of interest-rate derivatives that are designated and qualify as fair value hedges. Unallocated costs represent Group-level costs and include gains and losses on derivatives held for trading.

Inter-segment transfers and transactions are carried out on an arm's length basis.

Segment assets and liabilities at December 31, 2009

(in € millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets[1]	138.4	167.9	118.2	2.6	427.1
Liabilities[2]	78.9	69.4	59.5		207.8
Capital employed	59.5	98.5	58.7	2.6	219.3
Purchases of assets	0,7	11.9	0,6		13.2
[1] Excluding cash and cash equivalents					
[2] Excluding equity and bank borrowings net of cash and cash equivalents					

Segment assets and liabilities at December 31, 2008

(in € millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets[1]	146.0	193.2	128.0	13.0	480.2
Liabilities[2]	79.8	72.0	66.0		217.8
Capital employed	66.2	121.2	62.0	13.0	262.4
Purchases of assets	3.2	7.7	1.2	0.1	12.2
[1] Excluding cash and cash equivalents					
[2] Excluding equity and bank borrowings net of cash and cash equivalents					

34. Information by geographical segment

The Group's operations are carried out on a global scale as shown in the tables below.

(in € millions) **Revenue**	**2009**	**2008**
Europe	212.7	289.8
Asia-Pacific and Africa	163.4	211.0
Americas	75.5	98.4

The main countries in which the Group operates are the following:

(in € millions)	**2009**	**2008**
China and Hong Kong	95.7	117.8
Italy	76.4	103.1
Germany	42.4	56.9
United States	40.6	49.9
France	27.9	36.6

Revenue is analyzed by geographical segment based on the location of the customer.

(in € millions) **Total assets**	**2009**	**2008**
Europe	283.7	343.9
Asia-Pacific and Africa	128.6	150.6
Americas	97.9	96.2
Total	**510.2**	**590.7**

Assets are analyzed based on the geographical area in which they are located.

(in € millions) **Capital expenditure**	**2009**	**2008**
Asia-Pacific and Africa	0.6	1.3
Europe	11.9	9.8
Americas	0.7	1.1

Capital expenditure is analyzed based on the geographical area in which the assets are located.

35. Main consolidated companies

At December 31, 2009, 73 companies were fully consolidated (75 in 2008) and 10 were accounted for by the equity method (17 in 2008).

Chargeurs	**Parent Company**

A – Main fully consolidated companies

Chargeurs Deutschland

Chargeurs Textiles

Leipziger Wollkämmerei AG

Protective Films Business

Chargeurs Protective Films	Holding company for the business
France	Novacel and subsidiaries – Germany – Belgium – Spain – United Kingdom
Italy	Boston Tapes and subsidiaries
North America	Chargeurs Protective Films Inc. – Novacel Inc

Interlining Business

Chargeurs Interlining	Holding company for the business
France	Lainière de Picardie BC– Intissel – DHJ International
Italy	Chargeurs Interfodere Italia
Germany	L.P. Deutschland
United Kingdom	L.P. UK
Spain	L.P. Hispana
Portugal	L.P. Portugal
Czech Republic	Bertero SRO
North America	L.P. Inc. – DHJ Canada
South America	L.P. Brazil – Entretelas Americanas – LP Chile
South Africa	Stroud Riley
Asia	Chargeurs Interlining Hong Kong – DHJ Malaysia – LP Wujiang – L.P. Korea – DHJ China – Chargeurs Yak Textile Trading - Etacol

Wool Business

Chargeurs Wool	Holding company for the business
France	Chargeurs Wool (Eurasia)
United Kingdom	Hart Wool Bradford (Ltd)

Italy	Chargeurs Wool Sales (Europe) SRL
South Africa	Chargeurs Wool (South Africa) Pty
Uruguay	Lanas Trinidad
Argentina	Chargeurs Wool (Argentina) SA
Australia	Chargeurs Wool Pty
New-Zealand	Chargeurs Wool (NZ) Limited
United States	Chargeurs Wool (USA) Inc.
Asia	Chargeurs Wool Sales (Shanghai) Limited - Zhangjiagang Yangtse Wool Combing

B – Main associates (accounted for by the equity method)

Ningbo Yak Kyokuyo Textiles (49%)

Ningbo Lailong Bertero Interlining (49%)

Comtex (50 %)

Peinaje del Rio Llobregat (40%)

Peinaduria Rio Chubut (50%)

Percentages indicate Chargeurs' percentage of control at December 31, 2009 for companies that are not almost or entirely wholly owned by the Group.

36. Related party transactions

Transactions with associates

In 2009, the main transactions with associates concerned purchases from Chinese companies Ningbo Yak Kyokuyo Textiles and Ningbo Lialong Bertero Interlining. These transactions were recognized by Chargeurs Interlining under cost of sales in an amount of €12.2 million.

Management compensation

Compensation paid to Directors and Officers in respect of 2009 amounted to €30,000 and €502,561 respectively.

37. Corrections to the financial statements at December 31, 2008

The corrections made to the 2008 financial statements are as follows:

Recognition of actuarial gains and losses on a supplementary pension plan operated by a subsidiary in the United States

The accounting treatment of actuarial gains and losses on a supplementary pension plan operated by a subsidiary in the United States was analyzed after the 2009 interim consolidated financial statements had been published. Based on the results of this analysis, the Group adjusted the 2008 loss to include all actuarial gains and losses in excess of the 10% corridor, in accordance with IFRS.

IAS 19 states that when a company no longer has any employees, the total actuarial gain or loss in excess of the corridor must be recognized immediately in profit or loss.

In addition, the retirement age used to calculate the projected benefit obligation was lowered from 65 to 62 on the advice of the actuaries.

The effect of correcting these errors was an expense of €1.9 million, recognized as follows:

(in € millions)	Financial statements at December 31, 2008 published in March 2009	Adjustment	Financial statements at December 31, 2008 published in December 2009
Pension and other post-employment benefit obligations	10.3	1.9	12.2

Correction of translation reserves and the carrying amount of the inventories of a subsidiary in China

After the 2009 interim consolidated financial statements had been published, an error was detected in the inventory value recorded in the accounting system at December 31, 2008 as well as in the exchange rates used by a subsidiary to prepare its consolidation package. Correcting these errors led to a €1.8 million negative adjustment to the 2008 net loss and a €1.1 million cumulative negative adjustment to equity at December 31, 2008. The main financial statement items affected by these adjustments are presented in the table below:

Assets:

(in € millions)	Financial statements at December 31, 2008 published in March 2009	Adjustment	Financial statements at December 31, 2008 published in December 2009
Property, plant and equipment	70.7	0.7	71.4
Goodwill and other intangible assets	70.1	0.2	70.3
Inventories	136.2	(1.4)	134.8

Liabilities

(in € millions)	Financial statements at December 31, 2008 published in March 2009	Adjustment	Financial statements at December 31, 2008 published in December 2009
Trade payables	116.5	0.2	116.7
Short-term borrowings	79.9	0.5	80.4
Loss for the period	(56.2)	(1.8)	(58.0)
Translation reserve	(8.1)	0.7	(7.4)

The overall impact on the 2008 loss was as follows:

(in € millions)	Financial statements at December 31, 2008 published in March 2009	Adjustment to pension and other post-employment benefit obligations	Adjustment to inventories	Financial statements at December 31, 2008 published in December 2009
Cost of sales	(489.1)	(1.8)	(1.8)	(492.7)
Gross profit	110.1	(1.8)	(1.8)	106.5
Operating loss	(31.7)	(1.8)	(1.8)	(35.3)
Loss for the period	(56.2)	(1.8)	(1.8)	(59.8)

38. Events after the balance sheet date

In February and March 2010, the Company was summoned on several occasions to appear before the French Employment Tribunal due to claims lodged by individuals previously employed and dismissed by companies in which the Company held an indirect interest. The total amount of these claims represented around €5.5 million. The Company believes that the claims are without merit.

9.2 Statutory auditors' report on the consolidated financial statements for the financial year ended on 31 December 2009

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements. This report, together with the Statutory Auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

"To the shareholders,

In compliance with the assignment entrusted to us by the Annual Meeting, we hereby report to you, for the year ended December 31, 2009, on:

- *The audit of the accompanying consolidated financial statements of Chargeurs.*
- *The justification of our assessments.*
- *The specific verification required by law.*

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management and the overall financial statements presentation. We believe that our audit provides a sufficient and appropriate basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with IFRS as adopted for use in the European Union.

Without qualifying our opinion, we draw your attention on the notes 1 and 37 to the consolidated financial statements which mention the corrections made to the 2008 financial statements.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the Code de Commerce relating to the justification of our assessments, we bring to your attention the following matters:

Note 3 to the consolidated financial statements describes the critical accounting estimates and judgments applied by management, particularly those related to impairment of goodwill and income tax. Our work consisted of assessing the data and assumptions on which these estimates and judgments were made, and examining, on a test basis, the calculations performed by the company. We compared accounting estimates of prior periods with the actual results and reviewed approval procedures of these estimates by management. We also obtained assurance that the notes to the consolidated financial statements disclose appropriate information on the assumptions and options applied by the company.

The assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the unqualified opinion expressed in the first part of this report.

III - Specific verification

We have also verified the information given in the Group management report, in accordance with the law. We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements."

Neuilly-sur-Seine and Paris – March 11, 2010

The Statutory Auditors

PricewaterhouseCoopers Audit | S & W Associés

Gérard Morin | Maryse Le Goff

9.3 Financial report

Consolidated revenue

Revenue for the year totaled €451.6 million, a decrease of 23.5% from 2008 based on a comparable scope of consolidation (excluding discontinued operations). If discontinued operations are included, revenue amounted to €455.6 million, down 24% on 2008.

All of the Group's businesses experienced a fall in revenue, reflecting the impact of last year's economic and financial crisis on unit sales. Nearly 80% of the revenue decline was due to lower volumes, particularly in the first half of the year.

Revenue by business

Chargeurs Protective Films' revenue fell by 25.7% over the year, reflecting sharply lower sales in the first half followed by an upturn in the second. Quarterly changes were as follows:

Quarter	1	2	3	4
Year-on-year change	-36.3%	-34.8%	-25.3%	6.0%

Revenue for Chargeurs Interlining ended the year down 25.1% from 2008, with quarterly changes as shown below:

Quarter	1	2	3	4
Year-on-year change	-27.9%	-23.6%	-23.0%	-11.8%

Chargeurs Wool's revenue contracted by 23.4%. Over 70% of the fall was due to a negative price effect, as the wool market hit the bottom of the price cycle in 2009.

Sales generated outside France represented 93.8% of the consolidated total. The weighting of the main geographic markets confirmed the trends observed in prior years. China reaffirmed its position as the largest market, accounting for 21% of total revenue in 2009. Italy remained the second largest market, contributing close to 17% of revenue and Germany was once again the third largest with 9.4%, while the United States represented 9%. Along with France, these four markets together accounted for 62.6% of total revenue.

Operating profit

Chargeurs Protective Films ended the year with an operating loss of €2.8 million, due to the cost of restructuring measures implemented in response to falling unit sales. Excluding these non-recurring costs, the business would have ended the year with an operating profit of €2.1 million.

Chargeurs Interlining continued to realign its manufacturing facilities in Europe, leading to €14.0 million in non-recurring costs which seriously affected profitability. These costs were the main reason for the business's operating loss of €16.9 million for the year.

Excluding the impact of the reorganization measures, Chargeurs Interlining would have ended the year with an operating loss of € 2.9 million.

Chargeurs Wool reported an operating profit of €0.1 million, after taking into account non-recurring expenses of €3.1 million.

Finance costs and other financial income and expense, net

Finance costs and other financial income and expense represented a net expense of €9.2 million versus €11.5 million in 2008, and comprised both finance costs and receivables factoring costs. The year-on-year improvement was directly attributable to the decrease in borrowings resulting from the reduction in working capital requirement.

Share of profits/(losses) of associates

The Group's share of profits and losses of associates was a negative €2.5 million in 2009 versus a negative €7.9 million in 2008 which included the losses of Fashion Company.

Income tax expense

Income tax expense for 2009 amounted to €10.0 million compared with €5.8 million the previous year. The increase was mainly due to two factors:

- Income tax expense for 2008 was stated net of the €7.6 million proceeds from the no-recourse sale of withholding tax receivables but included €10 million in valuation allowances recorded on deferred tax assets.
- In 2009, the expectation of a falloff in business led the Group to revise its forecasts of future taxable profits and consequently to record €7.3 million in valuation allowances on deferred tax assets for tax loss carryforwards.

Net profit

The Group ended the year with a net loss of €45.9 million versus a €59.8 million loss in 2008.

The 2009 loss reflects the following non-recurring items:

- Reorganization costs, provisions and impairments that deepened the businesses' operating losses by €21.4 million.
- Valuation allowances of €7.3 million on deferred tax assets corresponding to tax loss carryforwards.
- Other non-recurring expenses for a total of €4.8 million.

Significant Events

During the year, the Group sold its remaining 50% stake in Fashion Company.

In addition, the process for the sale of Creat, Laina and FGC was initiated, leading to these companies being reclassified under "Assets held for sale".

Balance Sheet and Financial Management

The discussions undertaken in 2009 with certain banking partners enabled the Group to reschedule and extend the average life of its debt. As a result, long-term borrowings represented 68% of total debt at December 31, 2009 compared with 29% at the previous year-end.

Net debt at December 31, 2009 amounted to €89.1 million compared with €84.7 million at the previous year-end, including net bank debt (excluding finance lease liabilities) of €64.5 million versus €66.3 million.

The discussions with the banks will be completed following the convertible bond issue for at least €22 million to be launched in the first quarter of 2010.

Faced with excess manufacturing capacity in Europe, the Interlining business had to cut its operating costs in response to the lower volumes.

As part of this process, certain operating leases were converted into finance leases. This had the effect of increasing property, plant and equipment (before depreciation) and finance lease liabilities by €10.3 million.

However, in view of the assets' value in use, a €7.3 million provision for impairment was also recorded in the interests of prudence.

Together, the various Chargeurs companies had cash and cash equivalents of €55.9 million at December 31, 2009 compared with €57.8 million at the previous year-end.

9.4 Risk associated with the Group's financial position

On 29 December 2009, the Group achieved an agreement on the principle of its debt restructuring with its partner banks BNP Paribas, CALYON, CIC, Natixis and Société Générale (the "**Lender banks**"); this agreement was signed on 7 January 2010 and amended on 4 February 2010.

The agreement covers over €80 million worth of short and medium-term credit facilities granted to the Interlining and Protective Films businesses, based on the following principles:

- the unconfirmed facilities granted by the Lender Banks to the Interlining and Protective Films businesses would be combined in a single facility for a firm period of two years, effective from January 2010;
- a two-year payment holiday would be granted on the medium-term facilities granted by the Lender Banks to the Interlining and Protective Films businesses, with payment due from the third to the fifth year, effective from January 2010.

The restructured credit facilities would be subject to usual clauses in such agreements, including an acceleration clause that would apply if Chargeurs were to pay a dividend in 2010 and 2011.

Furthermore, these credit facilities will be subject, as from June 2010, to the respect of usual financial covenants (net debt/EBIDTA and EBIDTA/financial fees ratios) calculated every six months for the 12 months gliding periods and for the perimeter of the relevant businesses:

	Protective Films	Interlining
Net debt / EBITDA	<11.0	<9.0
EBITDA/ financial fees	>2.6	>2.0

The restructuring is subject to an issue by Chargeurs SA of securities giving access to the Company's share capital of at least €22 million aggregate amount before 30 April 2010.

The extraordinary general meeting of 8 February 2010 granted to the Board of Directors all the powers necessary to carry out this issue; the President and Chief Executive Officer, pursuant to the delegation of the Board of Directors, defined the characteristics of the offering, such as included in this securities note.

If the Group were to be unable to complete this issue, which is the last condition precedent of the completion of the restructuring, the agreement with the Lender Banks would become null and void. In such case, the Group could be unable to meet its scheduled bank debt repayments and, as a result, could be unable to continue to operate as a going concern based on its current constant perimeter.

9.5 Employee litigation

In February and March 2010, the Company was summoned on several occasions to appear before the French Employment Tribunal due to claims lodged by individuals previously employed and dismissed by companies in which the Company held an indirect interest. The total amount of these claims represented around €5.5 million. The Company believes that the claims are without merit.

9.6 Shareholding

	29 January 2010		
	Number of Shares	% of share capital	% of voting rights
PATHÉ (1)	2,734,035	26.35%	26.10%
OJEJ (1)	41,000	0.40%	0.50%
Mr. Jérôme Seydoux	1,341	0.01%	0.03%
Sofi Emy (2)	655,195	6.31%	6.25%
Mr. Eduardo Malone	7,163	0.07%	0.07%
Total Shareholders acting in concert	**3,438,734**	**33.14%**	**32.95%**
The Baupost Group	1,245,371	12.00%	11.89%
La Financière de l'Échiquier	650,000	6.26%	6.21%
HMG Finance	578,217	5.57%	5.52%
Treasury shares / liquidity contract	116,334	1.12%	-
Public	4,348,441	41.90%	43.43%
Total	**10,377,097**	**100%**	**100%**

(1) Companies controlled by Mr. Jérôme Seydoux
(2) Company controlled by Mr. Eduardo Malone

9.7 Outlook

The 2008 Registration Document included forecasts for the 2009 and 2010 financial years (see section 1.4.4 "Outlook"). The forecasts for 2009 are now obsolete following the publication of the audited consolidated financial statements for 2009. These financial statements are included in section 9.1 of this securities note.

The Company confirms and reiterates its forecasts for the 2010 financial year, which are reproduced below.

Assumptions for 2010

Chargeurs' targets and forward-looking information for 2010 are based on the following assumptions:

- Stable volumes compared with 2009 for the three core businesses.
- No new industrial restructuring measures in 2010.
- Positive impact of the Group's cost reduction plans.
- Stable euro exchange rates during the year.
- No significant changes in polyethylene or wool prices.
- No changes in accounting standards compared with 2009.
- No changes in scope of consolidation

Group's forecast for 2010

The restructuring measures taken in 2009 should drive a €21 million improvement in operating performance in 2010, mostly led by €17 million of cost savings.

Thus, based on projected 2010 revenue of approximately €450 million, the Group expects to end the year with recurring operating profit of €16 million.

The forward-looking information set out above is based on data, assumptions and estimates that the Group's management deems reasonable. These data, assumptions and estimates may change or be amended due to uncertainties related notably to the economic, financial, accounting, competitive, regulatory and fiscal environment. In addition, if certain of the risks described in section 1.2 of the 2008 Registration Document were to occur, this could have an adverse effect on the Group's business, financial position and results of operations as well as on its ability to achieve its targets. In particular, the achievement of the forward-looking statements mentioned above implies the implementing, in accordance with the time limits and terms defined, of the restructuring plan of the Group's debt (see section 1.2.5 of the 2008 Registration Document and section 9.4 of this securities note).

[*Intentionally omitted*]