"A WORLD OF" NICHE MARKET LEADERS

2016 REGISTRATION DOCUMENT

STRENGTH & VISION

CHARGEURS

French *Société anonyme* Share capital €3,732,895.52
Head office: 112 avenue Kleber - 75116 Paris – France
390 474 898 RCS Paris
Date of publication: 01/10/2018

2016
REGISTRATION DOCUMENT

CHARGEURS

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French version of this Registration Document was filed with the French financial markets authority (Autorité des marchés financiers – AMF) under number R.18-002 on 01/09/18, pursuant to Article 212-13 of the AMF's General Regulations. It may only be used in connection with a corporate finance transaction when accompanied by a prospectus approved by the AMF. It was prepared by the issuer and is the responsibility of the persons whose signatures appear therein. The English language version of this report is a free translation of the original, which was prepared in French. In all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation.

The filing, in accordance with the provisions of Article L. 621-8-1-I of the French Monetary and Financial Code, was carried out after verification by the AMF that the document is exhaustive and intelligible and that the information it contains is consistent. It does not imply that the AMF is authenticating the financial and accounting data presented.

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CHAIRMAN'S MESSAGE

Chargeurs: a distinctive growth model based on operational efficiency and industrial value creation.

Michaël Fribourg
— CHAIRMAN AND CHIEF EXECUTIVE OFFICER —

Following on the Group's ownership transition and performance consolidation in 2015, its achievements under the **"Performance, Discipline, Ambitions"** plan enabled Chargeurs to develop its own distinctive DNA based on daily excellence. Since 2017, we launched a plan to optimize our operations, which we have called Game Changer, that is intended to help the Group enhance its long-term performance and reach its objective of doubling profitable revenue within the space of five years (subject to macro-economic conditions remaining constant). This new-generation plan focuses on four main areas: Sales & Marketing, Smart & Advanced Manufacturing, Distinctive Innovation, and Talent Management. An international industrial group with leading positions in its four niche markets, Chargeurs has what it takes to grow the business and to drive performance gains, the innovation pipeline and business process efficiency improvements for the benefit of all our customers. The Group has emerged from the transformation process, reporting like-for-like gains of 5.1% in revenue and 31.0% in recurring operating profit in 2016. These results illustrate the significant upturn in performance achieved across all of our businesses, which all reported better-than-expected increases in their operating margins.

The Chargeurs Business Standards, an essential key to success. Our above-target operating results are attributable to the quality of the Chargeurs Business Standards, which are regularly enhanced by the heads of our businesses and supported by the 1,500 Chargeurs employees based in 34 countries who serve an ultra-diversified customer base spanning more than 70 countries.

"The Chargeurs Business Standards developed for the Group give it the resilience needed in a volatile macro-economic environment."

Using an approach focused on comprehensive solutions closely aligned with customer needs, the Group is engaged in a process to deliver continuous improvements in **Performance**. Incremental and ground-breaking innovation, a unique talent management process and sustained investment are of critical importance in today's volatile economic environment. While modesty and prudence remain our watchwords, the Group has undeniably enabled its businesses to advance through a combination of strict **Discipline** and improved operational efficiency in their respective areas. As well as delivering measurable results, the Group's **Ambitions** have a cumulative knock-on effect, creating a sense of satisfaction and pride that has strengthened the systems in place for several years and leveraged them to revitalize the Group.

Manufacturing as the cornerstone. Chargeurs has a well-established manufacturing heritage. We streamline production where necessary (China and Brazil in 2016) and constantly invest to maintain our technological advance and optimize our manufacturing base. Thanks to this strategy, all of our plants are industrial champions. In addition to supplying excellent, innovative products for their niche markets, they are now organized as an agile manufacturing resource capable of offering dynamic, competitive, responsive and distinctive customer solutions. Chargeurs is configured to take full advantage of the current volatility in its business environment. As a global organization with multiple domestic markets, it is able to seize the opportunities offered by some forty economic cycles worldwide that are at different stages and evolve at different rates.

"Our carefully targeted strategic acquisitions will be designed to extend our global leadership of niche markets".

Carefully targeted acquisitions. Impelled by this dynamic, we have a clear and effective plan for doubling our profitable revenue in the next five years as the seamless integration of carefully selected acquisitions strengthens the industrial, technological or marketing resources available to support our business segments or geographic positioning. The acquisitions carried out in 2016 and 2017 by Chargeurs Protective Films in the United States (Main Tape Inc., Walco Machines Company), France (Somerra) and Italy (Omma) are perfect illustrations of this strategy. For example, the acquisition of Main Tape Inc. in the United States has given Chargeurs a North American manufacturing hub for even greater protection against unfavorable dollar exchange rates. And we have also added a new manufacturing facility to our Franco-Italian hub. This global approach combining protection and engagement explains the Group's success, including a rate of like-for-like revenue growth that is three times greater than the increase in European GDP. Better yet, we aim to outperform the economy by an even wider margin in the coming years, in order to fully utilize our resources in the most dynamic regions. The Chargeurs Business Standards represent a valuable source of guidance during the pre-acquisition and acquisition process, helping to ensure that new subsidiaries make a positive contribution from year one, even in very diverse cultural and economic environments.

Long-term value creation drivers. This industrial and marketing strategy is designed to stretch both ends of the value chain, but our more ambitious overarching aim is to make Chargeurs a game changer in its industrial niches. Be it in protective films, interlining,

technical textiles or high quality fibers, our ambition is to be the markets' driving force, leading their permanent reconfiguration. We have already started deploying this strategy, placing Chargeurs in the position of leader and game changer and offering customers the benefit of our head start in technology, logistics and marketing. Innovation continues to represent a core priority.
This has been the case for several years both for Chargeurs Protective Films – whose aim is not just to maintain but also to sharpen its competitive edge – and Chargeurs Fashion Technologies, whose product innovations launched in 2016 have rapidly borne fruit. At Chargeurs Technical Substrates, the development of new coated textile ranges for marketing and advertising applications have placed the division well ahead of the competition. Last but not least, Chargeurs Luxury Materials is the only global supplier of high quality combed wool capable of offering customers in the luxury fashionwear and sportswear industries full product traceability "from the sheep to the shop".
Chargeurs' sustainable competitiveness strategy, energetically endorsed by our CSR strategy, aims to convert a whole series of regulatory restrictions into an essential source of differentiation for our customers.

A distinctive model. The Group's performance in 2015/2016 and the first half of 2017 has increased its visibility not only among customers but also among the financial community. In January 2016, Chargeurs shares were promoted to Compartment B of Euronext Paris. Supported by an engaged reference shareholder that increased its stake in July 2016, we can also count on the backing of our diversified shareholder base which includes many individual investors. By acquiring Chargeurs shares, they can expect a satisfactory return on their investment that reflects the Group's access to all of the world's economic cycles. Our stock market performance in 2016 also reflects the disciplined approach shared by Group employees, all of whom contributed to a 24% increase in cash flow to €30.0 million and helped attract new long-term financial partners to cement controlled future growth.
Chargeurs' fundamental aim is to be a diversified industrial group operating in global niche markets with the necessary resources to leverage its leadership positions in order to act as a game changer driving the reconfiguration of its business segments. **We live and breathe excellence**, constantly focusing on the operational challenges and looking for ways to become more efficient and more useful to our customers, and regularly checking that our achievements are consistent with our chosen trajectory.
2017 and 2018 should enable us to go further and faster by taking up selected new organic and external growth opportunities in order to extend our various businesses' technological and operational lead.

"The Group is continuing to deploy its distinctive performance and innovation model in international markets."

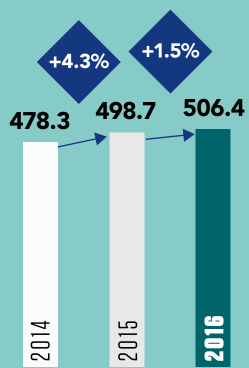
Michaël Fribourg
Chairman and Chief Executive Officer

1

PRESENTATION OF THE CHARGEURS GROUP

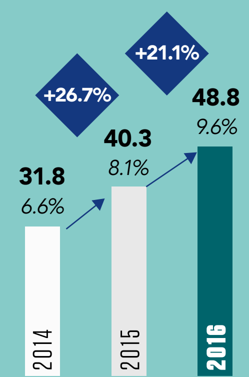
1.1. 2014-2016 FINANCIAL HIGHLIGHTS

REVENUE
(IN EURO MILLIONS)



+5.9% in 3 years

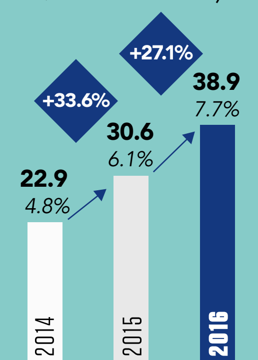
EBITDA
(IN EURO MILLIONS
AND % OF REVENUE)



+53.5% in 3 years

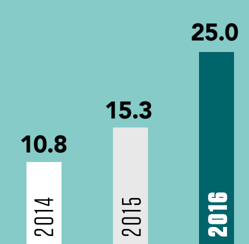
EBITDA corresponds to recurring operating profit before depreciation and amortization.
See note 4.1 to the 2016 consolidated financial statements and note 28.1 to the 2015 consolidated financial statements.

RECURRING OPERATING PROFIT
(IN EURO MILLIONS
AND % OF REVENUE)



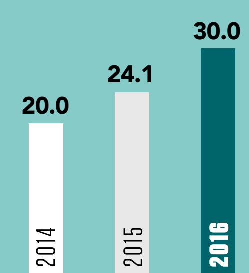
+70% in 3 years

ATTRIBUTABLE PROFIT
(IN EURO MILLIONS)



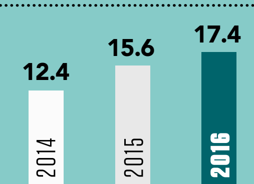
x2.3 in 3 years

CASH FLOW
(IN EURO MILLIONS)



+50% in 3 years

RETURN ON CAPITAL EMPLOYED*
AS A %

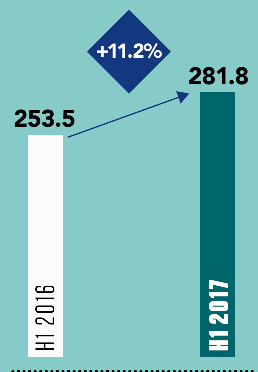


Capital employed or invested is defined in note 4 to the 2016 consolidated financial statements, note 28 to the 2015 consolidated financial statements and note 29 to the 2014 consolidated financial statements.

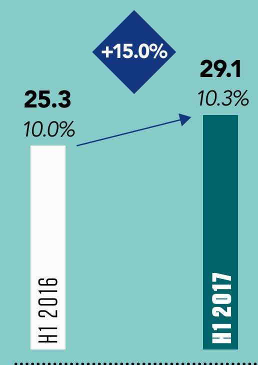
* *Return on capital employed (ROCE) = Recurring operating profit / Capital invested*

1.2. FIRST-HALF 2017 FINANCIAL HIGHLIGHTS

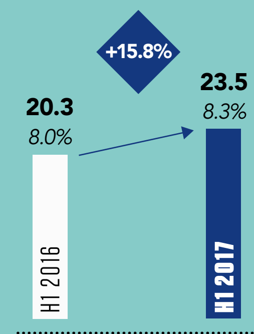
REVENUE
(IN EURO MILLIONS)



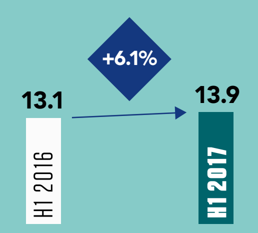
EBITDA
(IN EURO MILLIONS
AND % OF REVENUE)



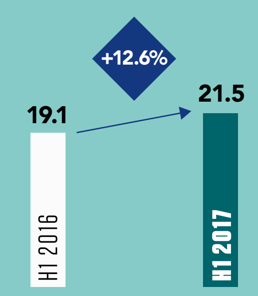
RECURRING OPERATING PROFIT
(IN EURO MILLIONS
AND % OF REVENUE)



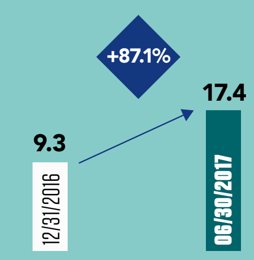
ATTRIBUTABLE PROFIT
(IN EURO MILLIONS)



CASH FLOW
(IN EURO MILLIONS)



CASH GENERATED BY OPERATIONS
(IN EURO MILLIONS)



Net cash from operating activities corresponds to net cash from operations, as presented in the consolidated statement of cash flows.

1.3. PRESENTATION OF THE GROUP AND ITS CORE BUSINESSES

1.3.1. CORPORATE HERITAGE

Chargeurs' rich heritage is intimately entwined with the history of French and international capitalism, which the Company has helped to forge. That heritage has also nurtured a powerful industrial and investment culture appreciated by customers and employees, which has underpinned our prosperity and strength for more than a century.

1872

CREATION OF A GLOBAL GROUP

Created in 1872 by French banker and businessman **Jules Vignal, Compagnie des Chargeurs Réunis** was originally a transatlantic shipping line, operating the **first regular services** between France and Latin America, followed by services between France and its empire in Africa and Asia.

1945-1970

FROM THE END OF WORLD WAR II UNTIL THE END OF THE 1970'S

During the post-war years, Chargeurs Réunis stepped up the pace of **international expansion.** As well as growing the shipping business, it developed a new air transportation business with the creation of an international airline (UTA), and a specialized land transportation business (Causse-Walon). In fact, Chargeurs' first century was a period of global success in the transportation industry. As part of an **upstream and downstream diversification** drive, the Group also **invested in a variety of other industries**, from tourism via Club Méditerranée and investments in two French hotel chains, Sofitel and Novotel; to chemicals by developing Safic-Alcan & Cie and Seppic; financial services by acquiring a controlling interest in a banking company, Société Financière de l'Armement (SFA), and in Caisse Centrale de Réescompte, Crédit Mobilier Industriel Sovac and Compagnie Financière de Paris et des Pays-Bas; and insurance with the purchase of a major stake in Réunion Française. All of these non-industrial interests were then gradually sold.

1980-1990

DIVERSIFICATION INTO TEXTILES, PLASTICS AND THE MEDIA

The early **1980s marked the start of a new business saga** when French **captain of industry Jérôme Seydoux** acquired control of Chargeurs Réunis and merged it with **Pricel, one of Europe's leading textile groups**, making Chargeurs the **spearhead of a new industrial adventure** for more than 30 years. Thus began a period of aggressive business growth, during which Chargeurs acquired a controlling interest in the Prouvost textile empire and successfully moved into media, taking over Pathé, investing in BSkyB, creating the La Cinq television station and purchasing the Libération newspaper. Chargeurs also disposed of its assets in maritime shipping (to Delmas-Vieljeux, which later sold them to CMA-CGM), air transportation (to Air France) and specialty transportation.

1996

FIRST SPIN-OFF OPERATION IN FRANCE

In 1996, **the media empire was spun off into a separate company and the manufacturing empire** was refocused to form what the Chargeurs Group is today.

2000-2014

REFOCUSING ON SPECIALTY MATERIALS

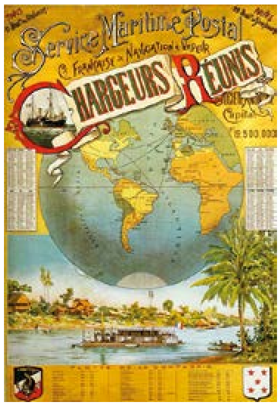
With its reference shareholder, the concert party comprising **Jérôme Seydoux and Eduardo Malone**, Chargeurs **strategically refocused on leading, high value-added technical businesses**. In 2008, all of the remaining garment-making operations were sold. After successfully paying down all of its debt, **Chargeurs stepped up its innovation strategy**. The business model for the wool division was transformed, shifting its core to trading the finest wool while keeping an active minority stake in manufacturing.

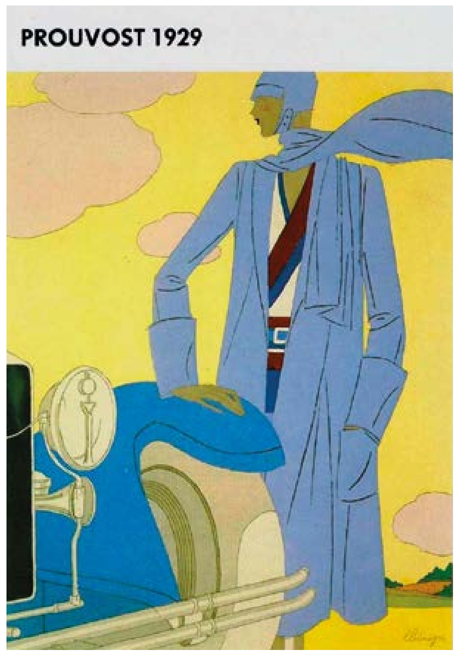
SINCE 2015

A TRANSITION IN OWNERSHIP TO FRENCH INVESTORS AND DEPLOYMENT OF AN EXCELLENCE MODEL

Having led Chargeurs for several decades, the shareholder concert party comprising Jérôme Seydoux and Eduardo Malone sold its equity interest to Colombus Holding SAS. Founded and currently headed by **French industrialist Michaël Fribourg,** Colombus Holding is a very long-term to **permanent** investment structure **dedicated entirely to supporting the future of Chargeurs**. Its investors, by Mr Fribourg's side, include leading French institutions (CM-CIC, BNP Paribas, Efficap, COVEA) and family offices.

Since joining Chargeurs, Michaël Fribourg has begun transitioning the Group **to a distinctive excellence model built around** the Chargeurs Business Standards, strengthening its balance sheet through an **inaugural Euro PP issue** and through **targeted acquisitions** in the United States (Main Tape, Walco), in France (Somerra) and in Italy (Omma) for its temporary surface protection business, and deploying the **best international standards**. These initiatives have extended the leadership of the Group's businesses, while also delivering **a sharp improvement in performance** and an **increase in the Chargeurs share price** (along with the share's promotion to compartment B of Euronext Paris).





01— CHARGEURS RÉUNIS
02— CHARGEURS RÉUNIS 03— PROUVOST
04— UTA 05— CHARGEURS RÉUNIS

1.3.2. SIGNIFICANT EVENTS IN 2016-2017

The highlights of the year – increased profits, new investors in the Group's debt, significant cash generation, an increase in the dividend and targeted acquisitions – illustrate the faster pace of improvement in operating performance achieved thanks to the "Performance, Discipline, Ambitions" plan and deployment of the Chargeurs Business Standards.

JANUARY 2016

- Chargeurs promoted to compartment B of Euronext Paris. 2015 revenue up 1.7% like for like excluding wool trading.

FEBRUARY 2016

Market launch of **ultra-thin** (40-gauge) interlining and **Eco'In recycled products** by Chargeurs Fashion Technologies.

MARCH 2016

- Publication of the 2015 yearly results: recurring operating profit up 33.6%.
- Extraordinary General Meeting held to provide Chargeurs with new tools to support its growth strategy.

APRIL 2016

- Chargeurs awarded the trophy for the Best Finance Department ("Trophées des Leaders de la Finance").
- 5-meter width offering launched by Chargeurs Technical Substrates.

MAY 2016

Inaugural €57 million Euro PP issue launched and €33 million worth of revolving credit facilities set up.

- Payment of the 2015 dividend of €0.30 per share, up 50% on the 2014 dividend.
- €2.6 million liquidity contract set up.
- New appointments to the Group Executive Committee.

JUNE 2016

- Solvent equipment installed at Chargeurs Protective Films.
- Nertex showroom in Paris opened by Chargeurs Fashion Technologies.

JULY 2016

- Strengthened product traceability program at Chargeurs Luxury Materials.
- Colombus Holding's stake in Chargeurs increased from 27.6% to 28.2%.

Acquisition of Main Tape, Inc. in the United States by Chargeurs Protective Films

AUGUST 2016

New Chargeurs Fashion Technologies interlining plant in Ethiopia brought on stream.

SEPTEMBER 2016

- Publication of the first-half 2016 results: new increase of 30.1% in recurring operating profit in the first half of the year.
- 2016 interim dividend of €0.20 per share approved and paid.

NOVEMBER 2016

- Publication of third-quarter 2016 revenue
- Up 7.5% like for like.
- Good results from implementation of the "Performance, Discipline, Ambitions" plan and the new Chargeurs Business Standards.
- New €15 million 7-year Euro PP issue.

JANUARY 2017

- Publication of 2016 revenue figures: higher year-on-year growth, with revenue up by a sharp 5.1% on a like-for-like basis.
- Patrick Bonnefond appointed as CEO of Chargeurs Technical Substrates to succeed Bernard Finckenbein.

FEBRUARY 2017

CREATION OF CHARGEURS BUSINESS SOLUTIONS, A LEAN, QUICK-RESPONSE "INTERNAL TASK FORCE" TO SERVE ALL OF CHARGEURS' BUSINESSES.

MARCH 2017

- Publication of the 2016 yearly results: recurring operating profit up 27%, profit up by a very strong 63% and an 83% higher dividend.
- Chargeurs wins the 2017 Financing of the Economy award in the Debt Financing category.

APRIL 2017

- Acquisition of two high-quality, niche companies in the United States and France: acquisition of US-based Walco Machines Company and purchase of a majority stake (70%) in the French company, Asidium (Somerra).
- Publication of first-quarter revenue figures: revenue up 8.1%.
- Announcement of the share buyback program and renewal of the liquidity contract related to Chargeurs shares.

MAY 2017

- Implementation of the option for the payment of dividends in shares.
- Payment of the final dividend of €0.35 per share for 2016.

JUNE 2017

- Negotiation of a new Euro PP raising a total of €50 million with a maximum maturity of 10 years.
- Opening of the showroom in New York (Fashion Technologies).

JULY 2017

- Chargeurs strengthens its model of excellence by adhering to the United Nations Global Compact.
- Launch of a program to grant free shares to certain Group employees.

AUGUST 2017

ACQUISITION OF OMMA, ITALY'S LEADING MANUFACTURER OF APPLICATION MACHINES.

SEPTEMBER 2017

- Publication of first-half 2017 results: recurring operating profit up 15.8% and net cash from operating activities up 87.1% year on year.
- Launch of the "Game Changer" acceleration plan to help the Group achieve its objective of doubling profitable revenue within the space of five years.
- Payment of the 2017 dividend of €0.30 per share.

OCTOBER 2017

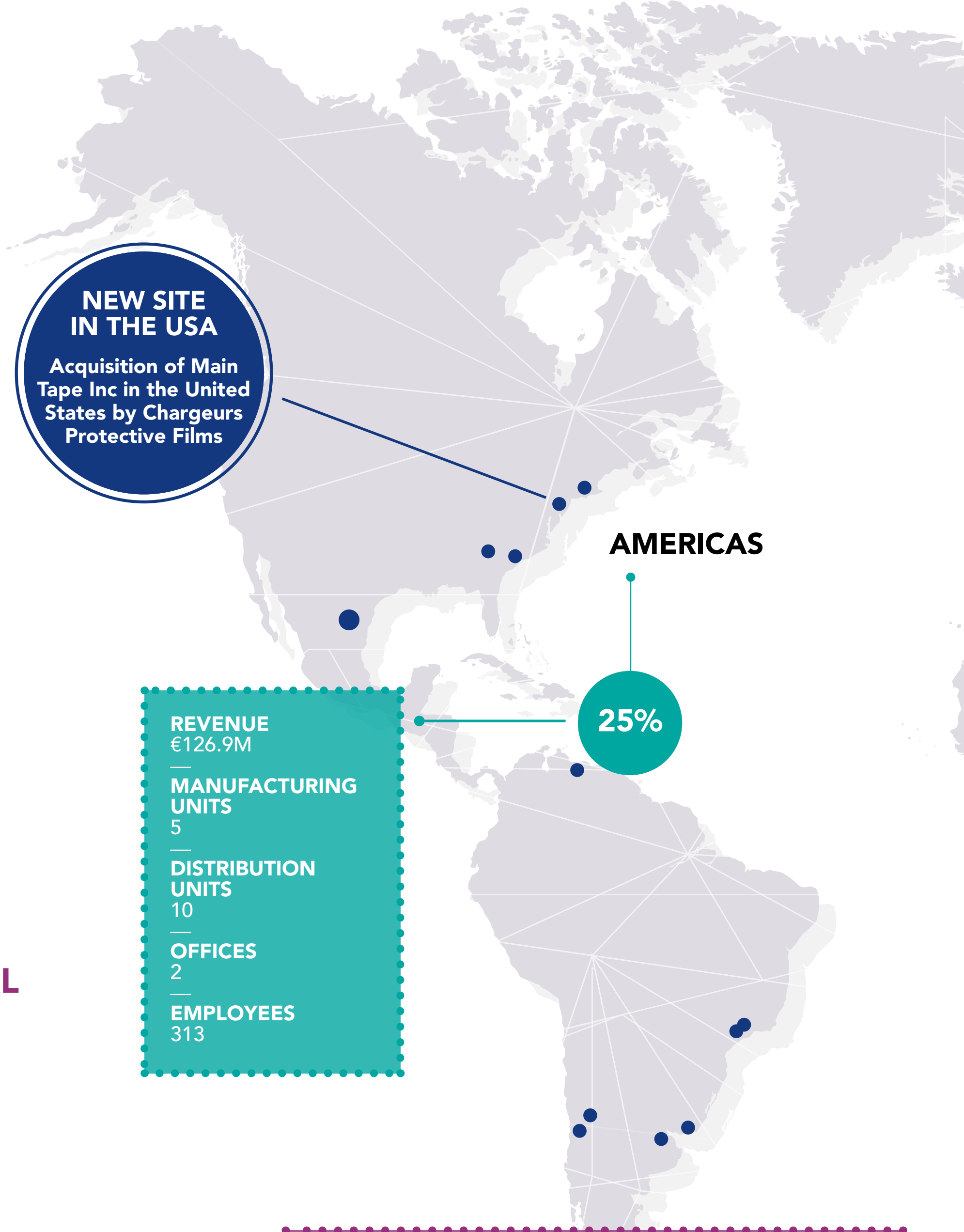
- Launch of the new premium wool label, Organica, at Chargeurs Luxury Materials.

NOVEMBER 2017

- Publication of third-quarter 2017 revenue: up 3.0% like for like.
- Announcement of a strategic internal investment to give Protective Films a new 4.0 coating line within the next 24 months.

1.3.3. PRESENTATION OF THE GROUP

1.3.3.1. International footprint at December 31, 2016

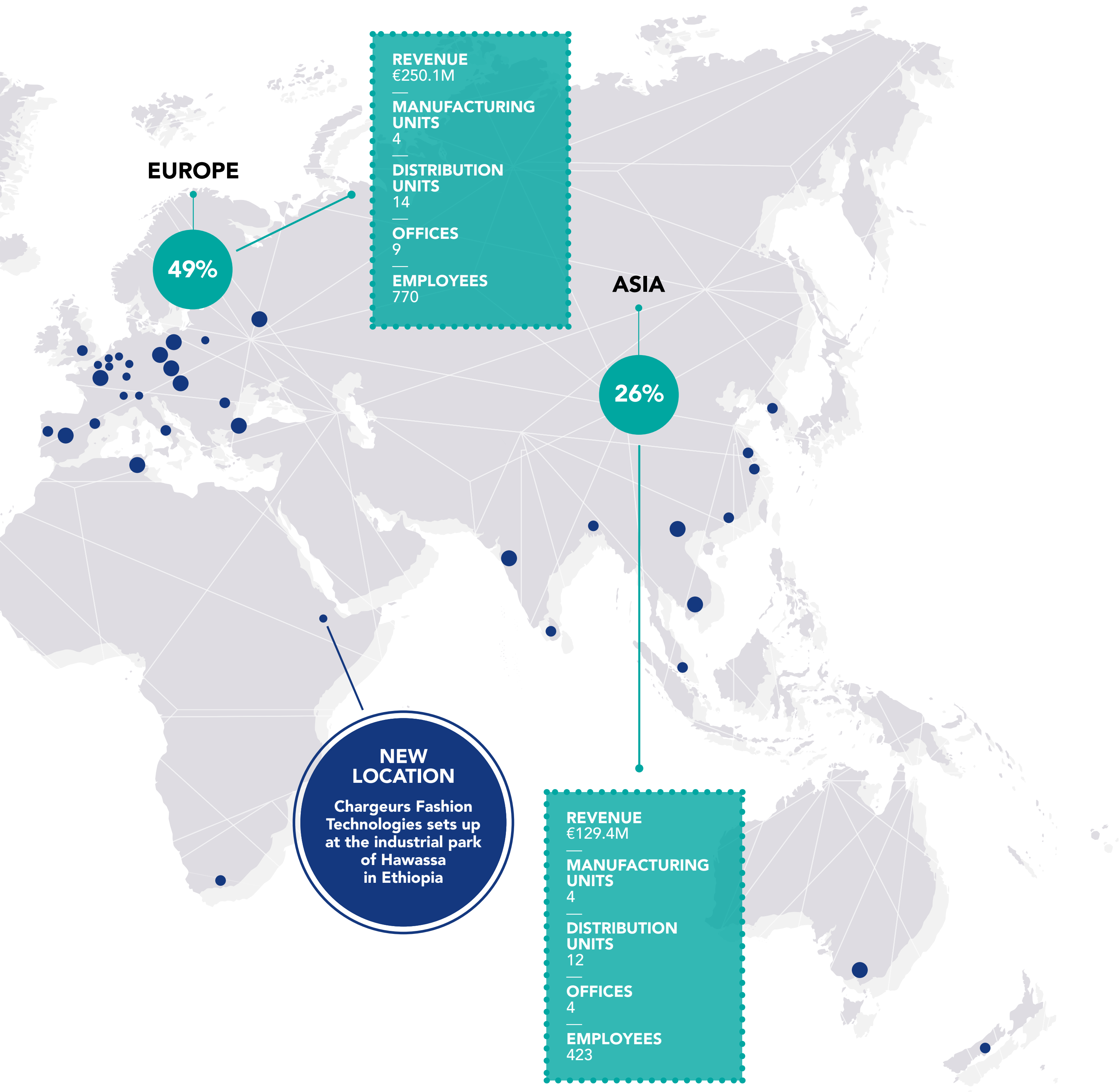


AN INTERNATIONAL FOOTPRINT

Over **90%**

Chargeurs achieves more than **90%** of its revenue outside France thanks to more than **1,500 employees** based in **34 countries** on **5 continents**.

During 2017, the number of the Group's sites and industrial partnerships was increased as a result of the following acquisitions carried out by Chargeurs Protective Films:
- Acquisition of US-based Walco Machines Company and purchase of a majority stake in the French company, Asidium, in April 2017.
- Acquisition of Omma, Italy's leading manufacturer of application machines, in August 2017.


REVENUE
€250.1M
MANUFACTURING UNITS
4
DISTRIBUTION UNITS
14
OFFICES
9
EMPLOYEES
770
EUROPE
49%
ASIA
26%
NEW LOCATION
Chargeurs Fashion Technologies sets up at the industrial park of Hawassa in Ethiopia
REVENUE
€129.4M
MANUFACTURING UNITS
4
DISTRIBUTION UNITS
12
OFFICES
4
EMPLOYEES
423

1.3.3.2. A distinctive business model

The Chargeurs business model

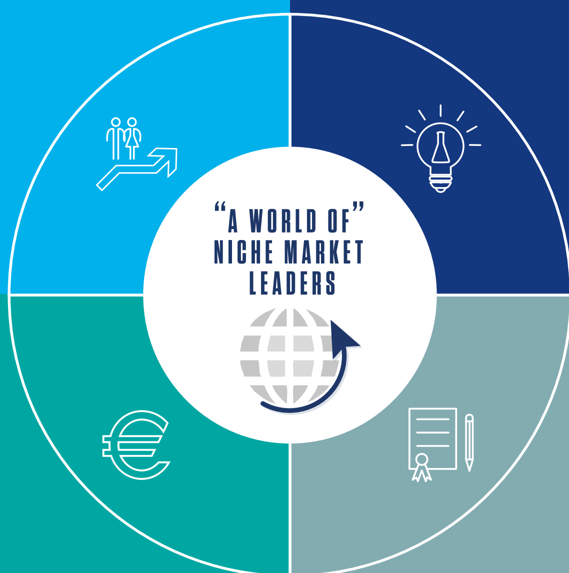
A sustainable worldwide model focused on distinctive high-tech products closely aligned with the needs of global customers, and a "think global, act local" approach.

ENGAGED MANAGEMENT OF HUMAN CAPITAL

- Decentralized global management
- Managerial leadership
- Investing in human capital and leveraging international talent
- Leveraging talent across all generations

NICHE PRODUCTS & SERVICES

- High barriers to entry
- Continuous innovation
- Innovative services and bespoke products developed jointly with our customers
- Advanced management of specific, integrated solutions
- Total quality and reliability



A ROBUST AND DISCIPLINED FINANCIAL CULTURE

- High return on capital employed
- Efficient management of finance costs and other financial expenses
- Tight control over operating cycles
- Implementation of highly selective, accretive growth transactions

AN OPERATIONAL EXCELLENCE MODEL

- Continuous optimization of core processes
- Diversified global geographic footprint
- Efficient supply chain processes
- "Best cost" culture and continuous cost management
- Optimum productivity and expertise

A method based on strategic and operational effectiveness

Our mission

IS TO MANUFACTURE OUTSTANDING, INNOVATIVE, RELIABLE AND BESPOKE NICHE PRODUCTS AND SERVICES THAT ENHANCE OUR CUSTOMERS' PERFORMANCE AND SUCCESS.

Our guiding principles

— Acting to meet an objective: to make Chargeurs an excellent diversified industrial group

— Day-to-day management of customers, products and talent, providing impetus at grass-roots level

— Very strong emphasis on implementing effective changes across the entire value chain

— Re-engineered fundamentals to embed a distinctive and lasting corporate culture

Our values

— A commitment and a closely managed process to guarantee constant reliability, quality and operational excellence

— A passion for developing sustainable solutions to the specific and complex needs of our customers

— Commitment at the highest level in nurturing our human capital, ethics and cultural diversity

— Pioneering ambition and boldness, supported by a strong culture of innovation and continuous manufacturing resource improvement

1.3.3.3. Positioned in high-end, distinctive markets

Chargeurs is a global manufacturing and services group with leading positions in the markets for temporary industrial surface protection, garment interlinings, technical textiles and high quality combed wool. Our four businesses' developers, sales people, textile engineers and chemists create high value-added products for markets with very high barriers to entry. At the forefront of innovation and with pioneering expertise, they work jointly with customers to develop solutions that are closely aligned with their needs.

Their shared challenge is to deliver sustained improvement in industrial performance and service quality, in order to capitalize on all opportunities to grow and reconfigure their business sector.

THE CHARGEURS MODEL		CHARGEURS PROTECTIVE FILMS	CHARGEURS FASHION TECHNOLOGIES	CHARGEURS TECHNICAL SUBSTRATES	CHARGEURS LUXURY MATERIALS	CHARGEURS
OVERVIEW	Key niche market	Temporary surface protection	Garment interlining	Specialty technical textiles	High quality combed wool	4 Global niche markets
	Number of market segments served	10 Construction, automobile, household appliances, electronics (metals, glass, plastics, etc.)	4 Luxury goods, apparel fast-fashion, sportswear	4 Digital printing, architecture, home furnishings, individual protection	3 Luxury goods, apparel, sportswear	More than 20 global niche market segments
	A global leader	No. 1 worldwide	No. 2 worldwide	A European leader	No. 1 worldwide	A global leader in highly specialized niche markets
GLOBAL INTEGRATION	% of revenue generated in international markets	> 90%	> 90%	70%	100%	> 90%
	Number of countries covered	> 70 countries	> 70 countries	> 30 countries	> 20 countries	Over 70 countries covered worldwide
	Number of countries where Chargeurs has marketing operations	> 50 countries	> 20 countries	> 20 countries	5 countries	Present in all regions of the world
HIGH BARRIERS TO ENTRY	High quality customer solutions	Industrial materials and surface protection	Garment interlinings and technical reinforcements	Functionalized technical textiles	High quality wool reinforcements	Providing not just products but integrated solutions to all customers
	A deep pre-sale and after-sale service network	> 10 service centers around the world	> 20 marketing subsidiaries	Around 100 distributors worldwide	7 marketing subsidiaries	A 100% customer-centric service culture
	Degree of product specificity	◆◆◆	◆◆◆	◆◆◆	◆◆◆	◆◆◆
	Level of qualitative excellence	◆◆◆	◆◆◆	◆◆◆	◆◆◆	◆◆◆
	Level of customer loyalty	◆◆◆	◆◆◆	◆◆◆	◆◆◆	◆◆◆
	Degree of customer portfolio diversification	◆◆◆	◆◆◆◆	◆◆ to ◆◆◆	◆◆◆	> 7,000 industrial clients served worldwide

Source: this Registration Document contains information about the Group's markets and competitive positions. All of the assumptions and statements related to such information are based on Group estimates.

1.3.4. CORE BUSINESSES

INTERNATIONAL REVENUE & FOOTPRINT

BECOMING THE "GAME CHANGER" IN OUR INDUSTRIAL NICHES

Chargeurs Protective Films CPF

Chargeurs Fashion Technologies CFT

Chargeurs Technical Substrates CTS

Chargeurs Luxury Materials CLM

1.3.4.1. Chargeurs Protective Films

Chargeurs Protective Films

The world leader in temporary surface protection

In 2016, Chargeurs Protective Films reported sharply improved performance and once again exceeded its targets, while at the same time helping to consolidate the temporary surface protection market.

€250.3M
in revenue, up 6.5% like-for-like

€28.0M
in recurring operating profit in 2016, up 28.4% like for like

Over 600
employees in 17 countries

Chargeurs Protective Films supplies the construction, manufacturing, automotive and electronics industries with self-adhesive plastic films for the temporary protection of fragile surfaces.

Its highly technical films maintain a finished product's surface integrity at every stage in the customer's manufacturing process (folding, stamping, profiling, etc.), as well as during handling, transportation and fitting.
Our mastery of all temporary surface protection technologies enables us to offer a comprehensive range of self-adhesive films that protect products from smudging and scratching and improve their heat and stress resistance during production and surface priming for painting before finalization. Surface protection is applied far upstream in the customer process to guarantee impeccable surface quality from one end to the other of the production process. In this way, our films also help customers to lower their production costs.

The protection surface market is structurally growing, in step with the development of modern economies. With its innovation-led strategy and commitment to partnering customers by recommending bespoke surface protection solutions, Chargeurs Protective Films is leveraging its distinctive and sustainable approach to extend its competitive lead.

Chargeurs Protective Films' main competitors are Polifilm and Nitto.


Fiber laser

MARKET FOCUS

"The leading provider of innovative coating solutions"

The rapid pace of industrial transformation has led to the emergence of multiple technical surfaces that require protection throughout the transformation process. Chargeurs Protective Films plays a central role in helping customers address the emerging issues when their new products are still on the drawing board, by offering innovative temporary surface protection solutions closely aligned with their needs. The continuous innovation process is illustrated by Chargeurs Protective Films' new products (Fiber Laser), new machinery (coating line) and customer-centric organization systems.

"Our objective is to always stay ahead of the competition in terms of innovation and service"

Laurent Derolez
Chief Executive Officer,
Chargeurs Protective Films

Can temporary surface protection still be described as niche?
Temporary surface protection is still a global niche market due to the high barriers to entry. As the economy becomes more sophisticated and global, demand for temporary surface protection solutions in emerging markets is growing rapidly. Our strategy aims to extend our global leadership in this market. The July 2016 acquisition of Main Tape, Inc. in the United States is a perfect example, because it has improved our geographic footprint, enhanced our product mix and strengthened our customer service capabilities in North America. Lastly, the Group's total support has enabled us to act quickly and efficiently, an experience that is incredibly motivating and inspiring.

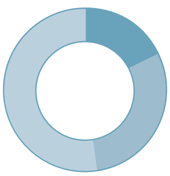
How do you plan to preserve the innovation capabilities that have underpinned Chargeurs Protective Films' success?
Our deep grasp of our customers' needs and challenges ensures that we have all the information we require to understand our market, particularly the factors that pull the market and push technology. Our R&D determines the most fruitful areas of research to fulfill our goal of proposing the best technical solutions through incremental or disruptive innovations. Take for example our Concerto product, a low noise film that considerably improves the acoustic comfort of operators working on our customers' assembly lines.

Is this part of your CSR policy?
Yes. Not only do we protect the surface of our customers' products, we also aim to protect the health of their production line workers. When we develop an alternative to PVC (which contains chlorine), eradicate CMR products, or recover harmful waste from our processes that can be burnt as fuel, we become more sustainably competitive.

Chargeurs Protective Films

No.1 worldwide

Over
90%
of revenue generated outside France



REVENUE BY REGION

18% - ASIA
30% - AMERICAS
52% - EUROPE

4
SITES AND INDUSTRIAL PARTNERSHIPS AT DECEMBER 31, 2016

France / Italy / United States (2)

3 new manufacturing units acquired in 2017 in France, Italy and the United States

11
MARKETING SUBSIDIARIES

France / Italy (2) / Germany / Spain / United Kingdom / Belgium / United States (2) / China / South Korea

8
SALES OFFICES

Czech Republic / Poland / Russia / Austria / Turkey / India / Australia / Mexico

FOCUS ON INNOVATION

The building glass market is expanding. Chargeurs Protective Films now develops self-adhesive films to protect glazing with low emissive, showerguard, self-cleaning and other functional coatings. These products extend a line-up that already includes mirror safety backing films.

DECRYPTION

A "beyond-state-of-the-art" manufacturing resource

Full mastery of cutting-edge technologies

1 - Surfaces
The marketing department works with the sales teams to identify and analyze the needs of the various temporary surface protection markets (stainless steel, pre-coated metals, plastics, glass, etc.).
After selecting the issue to be addressed, the technical and financial data are sent to the technical department.

2 - Formula development
The R&D department defines the formulas for the films and adhesive based on the specifications. Each formula is exclusive and responds to a market need.

3 - Industrial process definition
Chargeurs Protective Films is an expert in coating and extrusion technologies.
Coating consists of depositing a calibrated layer of adhesive on plastic film produced by partners on dedicated machines.

Extrusion consists of producing multi-layer films from thermo-plastic polymers, including one layer with adhesive properties.

4 - Transformation
The surface protection films are then re-rolled or cut to size depending on the end-customer's applications.

5 - Quality controls
Chargeurs Protective Films' products comply with the applicable standards (e.g. REACH). All industrial machinery is checked at regular intervals to ensure compliance with environmental standards.

6 - Warehousing and supply chain
The rolls of plastic film are checked, labeled and wrapped before being shipped throughout the world.

1.3.4.2. Chargeurs Fashion Technologies

Chargeurs Fashion Technologies

Positioned competitively as one of the world's top two garment interlining manufacturers

In 2016, Chargeurs Fashion Technologies reported a strong improvement in profitability, helped by a renewed focus on innovation and revamped managerial, industrial and commercial strategies. The creation of a new subsidiary in Ethiopia is an example of the division's new momentum.

€132.0M in revenue in 2016, up 0.1% like for like

€8.0M in recurring operating profit in 2016, up 45.5%

Over **750** employees in 21 countries

Chargeurs Fashion Technologies is our business that serves the world's leading menswear and womenswear brands by designing interlining, the only technical fabric used in a garment. Interlining is generally hot-fused between the fabric and the lining, to help jackets, coats, shirts and blouses to retain their shape and structure. It is generally hot-fused between the outer fabric and the lining.

The division's chemists and textile engineers develop and apply the coating technology used to manufacture the interlining.
The technology requires high level expertise for its development and the ability to continuously adapt to the fabrics chosen by the leading brands for their many collections throughout the fashion year. Interlining is a high value-added product built around our intimate knowledge of the leading international brands, ability to allocate production across a global manufacturing base, supply chain capabilities and innovative service solutions. It is a niche business that combines speed, technical content, differentiation and know-how.
The customer base spans all segments of the apparel market, from luxury to ready-to-wear and fast-fashion.

In addition to its excellent innovation capabilities and rapid response to new fashion trends, Chargeurs Fashion Technologies' plant equipment complies, and in some instances is the only equipment to comply, with the highest market standards. All of these strengths are essential to satisfy the business's increasingly demanding customers.

Chargeurs Fashion Technologies' main competitors are Freudenberg, Kufner and Wendler.

MARKET FOCUS

"In'side Fashion"

Chargeurs Fashion Technologies' interlining gives shape and structure to the garments sold by over 1,600 luxury, ready-to-wear and fast-fashion brands. Its global footprint, with eight plants and 18 marketing subsidiaries, enables it to offer a local service to every customer in a highly mobile apparel industry. Chargeurs Fashion Technologies is at the center of this industry. In June 2016, it opened a showroom in Paris, in the heart of the capital's garment district, to showcase all of the products from its innovation pipeline. A second showroom opened in the Manhattan district of New York during the first half of 2017.

"We are a major international player present across all continents"

Bernard Vossart
Chief Executive Officer,
Chargeurs Fashion Technologies

A new showroom in New York showcasing Chargeurs Fashion Technologies' expertise.

It all started with a return to competitiveness. In 2016, all the changes initiated in 2015 started to pay off, in the shape of more than 45% growth in recurring operating profit.
We pursued the rationalization process throughout the year. In China, we withdrew from the Yak joint venture and local production was transferred to a single plant. Some outsourced production operations were taken back in-house to increase capacity utilization rates.
Following these measures, Chargeurs Fashion Technologies is now planning its short and long-term future as a newly competitive market player.

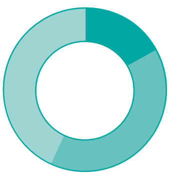
What levers do you have to help drive interlining industry consolidation?

We have three closely-related levers. The first lever is our innovation capability. In this traditional business, we are able to demonstrate that many innovative solutions exist which, better still, are in strong demand to keep pace with the latest fashion trends. In 2016, we were the first (and, so far, still the only) interlining manufacturer to offer a range of extremely thin 40-gauge interlining fabrics ideally suited to the very light satin and voile garments currently in fashion. The range has been very successful and a second 40-gauge machine came on stream in 2017. The second lever is our talent management process. We have appointed new members to the Executive Committee, organized the succession of several Country Directors and hired interlining specialists to support our product development process. The third lever is capital spending. Examples include our new plant in Ethiopia and the upgrade of our French plant. In this regard, the return to a less heavily geared balance sheet has enabled us to raise the funds needed to finance our growth.

Chargeurs Fashion Technologies

No. 2 worldwide

Over
90%
of revenue generated outside France



REVENUE BY REGION

17% - AMERICAS
40% - EUROPE
43% - ASIA

8
MANUFACTURING UNITS ON 4 CONTINENTS
France / United States / China / Bangladesh / Sri Lanka / Argentina / Brazil / Ethiopia

18
MARKETING SUBSIDIARIES
France / Italy / Germany / United Kingdom / Portugal / Romania / Tunisia / United States / China / Hong Kong / South Korea / Singapore / Sri Lanka / Bangladesh / South Africa / Chile / Brazil / Argentina

8
SALES OFFICES
Czech Republic / Spain / Belgium / Turkey / Vietnam / India / Indonesia / Canada

FOCUS ON INNOVATION

Eco'In. At Chargeurs Fashion Technologies, 80% of products have already earned Oeko-Tex Class 1-certification We are going even further in meeting our environmental commitments by developing an interlining range made using recycled polyester yarn (from plastic bottles), marketed under the **Eco'In** brand. We are seeing growing customer demand for **Eco'In** and have made expanding the range a strategic priority.

DECRYPTION

Technologies and expertise representing high entry barriers

A management model based on a culture of excellence across all core processes

1 - Warping
The first stage in the production process. The yarn is wound onto the warping beam for transfer to the knitting unit.

2 - Knitting
The fabric base is then knitted. Each knitting machine is connected to a computer which checks production and quality in real time.

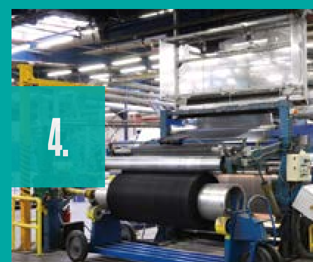
3 - Finishing and dyeing
The product is stabilized using a chemical or thermal process, retaining the degree of suppleness needed for its application to the most difficult fabrics. The dyeing unit enables the interlining to be produced in the fashion season's colors. More than 60% of interlining products are dyed.

4 - Coating
Small drops of thermo-adhesive resin are applied to the fabric using a perforated cylinder. Infrared readers check that the resin is properly applied. Chargeurs Fashion Technologies scored a world first by developing and launching the Global Molecular Point (GMP) coating process, a patented innovation that helps to prevent seepage and significantly increases bond strength when the interlining is hot-fused between the garment fabric and the lining.

5 - Total quality control
Quality controls are performed on each production batch at various stages in the process, covering the products' stability, bond strength, suppleness and feel.

6 - Systematic inspection
Each length of interlining is inspected as it leaves the production line. The cutting and packaging/labeling processes are fully computerized. All interlining produced at Chargeurs Fashion Technologies' plants is inspected meter by meter.

7 - Global supply chain operations
Once the interlining has undergone quality controls and been labeled and packaged, the rolls are stored in the warehouse by stock-keeping unit before being shipped throughout the world.



1.3.4.3. Chargeurs Technical Substrates

Chargeurs Technical Substrates

Best-in-class manufacturing performance serving increasingly innovative markets

In 2016, Chargeurs Technical Substrates confirmed its market leadership and increased its production capacity with the commissioning of a new 5-meter width coating line that responds closely to customer demand.

€24.6M
in revenue in 2016, up 21.2% like for like

€3.8M
in recurring operating profit in 2016, up 5.6%

79
employees

Chargeurs Technical Substrates functionalizes technical textiles used in the fast-growing advertising, decoration and interior architecture markets.
Being able to master coating technology in all its forms is a major asset of three of our four businesses. Extremely delicate and complex to implement technically, coating enables Chargeurs Technical Substrates to functionalize textiles for specific applications, such as the shading or uniform diffusion of light, soundproofing or electromagnetic wave (GSM, WiFi) filtering. These functionalities can also be combined, for example to create large advertising displays on which the fabric can diffuse light, be fireproofed and printed in very high resolutions.

As the European leader in its niche market, with products that enjoy a strong reputation among customers, Chargeurs Technical Substrates has successfully built positions in emerging market segments. Thanks to its production ecosystem (comprising printer manufacturers and the publishers of dedicated software) and efficient internal organization, the division has kept pace with the double-digit growth enjoyed by its market.

Chargeurs Technical Substrates' main competitors are Mehler and A. Berger.

"We share exactly the same values and the same strategic vision"

Patrick Bonnefond & Bernard Finckenbein
Chief Executive Officer,
Chargeurs Technical Substrates

MARKET FOCUS

Chargeurs Technical Substrates: the strengths of an industrial champion whose products enjoy a solid reputation in the advertising and decoration markets

- High-level expertise in textiles and technical coating technologies
- Unrivaled print quality for markets where the quality of indoor or outdoor displays is the single most important criterion
- Continuous product development to keep pace with market trends
- A responsive R&D center capable of quickly developing specific products
- An agile and efficient ecosystem comprising printing professionals (ink and machine manufacturers)
- Differentiating and functionalized products (light, fire and sound-proofing products, wave filtering products)
- Efficient customer service
- A coated textile offering in widths of up to 5 meters.

Last year ended with a change of Senior Management at Chargeurs Technical Substrates...

BF: Yes, I am taking retirement, confident that I'm leaving the division in good hands.

PB: I would like to thank Bernard for developing the division to where it is today, with a promising growth outlook on the back of last year's very good results. Bernard's sound business acumen led to a shift in business focus from shirt triple interlinings to functionalized technical textiles for buoyant markets such as digital printing which have seen rapid growth in demand for very large widths.

Will you be able to tap into this expanding niche market?

PB: We have the strengths needed to capture this potential. In the communication and interior architecture segments, it's essential to use high quality ink and textiles. This is where we excel, by offering zero-defect high-tech, differentiating and innovative products. 10% of Chargeurs Technical Substrates' employees work in R&D, which is an unusually high proportion. What we need to do now is step up our marketing effort.

BF: Patrick's right. We need to raise our visibility. For the most part, our products are sold through distributors and the challenge now is to be recommended systematically by both them and equipment suppliers. For this to happen, we have to ensure that the quality of our products is a guarantee of quality across the entire value chain.

Are you planning to increase your resources?

PB: The Decoprint sales team has been strengthened (in France and on the American continent) and a marketing department has been set up. We have also extended our international distribution network. In a word, while exploring possible new avenues of product development, reflecting on how to better target the various participants in the value chain and maintaining our commitment to innovation, we need to tap the full potential of all the innovations introduced in the market in recent years.

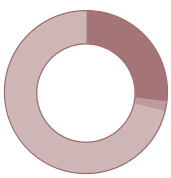
Chargeurs Technical Substrates

A European leader

Focus on interior architecture... on the environment... on an overall sense of wellbeing

As a specialist in functionalized technical textiles, Chargeurs Technical Substrates is nurturing new ambitions in the interior architecture segment – to offer personalizable fabrics capable of muffling sound or improving a room's acoustics, blocking light and electromagnetic waves or with fire-retardant properties. These new properties emerging from the R&D pipeline and unveiled at specialized trade fairs, reflect Chargeurs Technical Substrates' innovation and adaptation capabilities, and its close attention to current and forecast market needs. The textile industry is embracing eco-design principles. Upstream work to eliminate all environmentally harmful products from the production process is also one of our priorities. In the space of ten years, the production process has become almost entirely solvent-free. Today, just 500 kg is used each year, solely for machine-cleaning purposes, versus a dozen tons in years gone by.

70%
of revenue generated outside France



REVENUE BY REGION

2% - AMERICAS
27% - ASIA
71% - EUROPE

1
MANUFACTURING UNIT
in Sélestat, Alsace (France)

31
COUNTRIES SERVED BY AGENTS AND DISTRIBUTORS
including: United Kingdom / Germany / Spain / Portugal / Italy / Switzerland / Austria / Belgium / Netherlands / Sweden / Denmark / Serbia / Romania / Czech Republic and Poland / United States / India / China / Australia

FOCUS ON INNOVATION

EstoMpe. In a world steeped in electromagnetic waves from mobile phones and computers, Chargeurs Technical Substrates has gained a head's start on the competition by developing an innovative new technical textile capable of blocking these waves sold under the EstoMpe brand.

The technique consists in printing a specific conductor pattern on the textile using silver-based ink to create a filter. The pattern can be digitally or screen printed thanks to the application of a very specific surface coating to the textile. EstoMpe can be used to create areas where all electronic communications are blocked and to efficiently protect people suffering from electromagnetic hypersensitivity.

DECRYPTION

A management model based on a culture of excellence across all core processes

An integrated and controlled production process

1 - Textiles
The fabrics have clear characteristics and innovative materials have been developed.

2 - Formula development and paste coating formulation
The Technical Substrates R&D teams in Sélestat develop coating formulas to meet market demand for technical and quality products.

3 - Coating
The fabric is coated with a resin-based foam. Thanks to its distinctive production resources, Chargeurs Technical Substrates is capable of offering coated textiles in widths of up to 5 meters.

4 - Inspection
Each roll of coated textile is inspected as it leaves the production line to guarantee that the product performs in line with the customer's specifications.

5 - Quality controls
Tests are performed at each stage in the industrial process to ensure that the textiles' technical characteristics comply with the highest health and safety standards.

6 - Warehousing and supply chain
Each roll of coated textile is described in detail in the stock list. Advanced warehousing and supply chain management systems guarantee that products are delivered on time to customers throughout the world.

1.3.4.4. Chargeurs Luxury Materials

Chargeurs Luxury Materials

Full traceability of high quality combed wool

In 2016, Chargeurs Luxury Materials (the new name of Chargeurs Wool) drew on the key aspects of its expertise – quality and stability, full traceability and know-how – to market premium combed wool for prestigious luxury fashionwear and sportswear brands.

2016 FINANCIAL HIGHLIGHTS

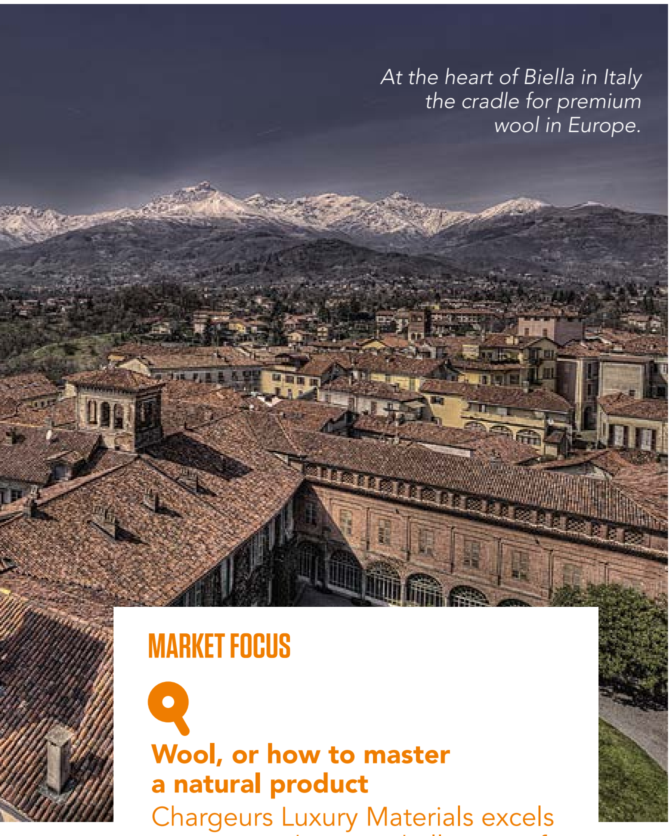
€99.5M **in revenue in 2016, up 6.8% like for like**	€2.9M **in recurring operating profit in 2016, up 16.2% like for like**	23 **employees**

Chargeurs Luxury Materials supplies the world's finest, softest and most resistant wool fibers. The world leader in premium wool trading, the division is stepping up its strategic focus on outstanding, high value-added products. The only global trader capable of offering customers wool from every producing region, Chargeurs Luxury Materials is deploying an optimized business model that operates through firm contracts.

Quality, traceability and fiber stability: the business leverages its expertise in selecting the finest greasy wool tops from producers worldwide. These are processed in combing mills in the United States, Uruguay, Argentina and China. It is then the turn of the division's marketing teams, who are in daily contact with the world's most prestigious brands and constantly match supply and demand, to efficiently deliver the right solution to each customer whatever their location.

The focus of Chargeurs Luxury Materials' R&D units is to offer increasingly fine, softer wool grades, drawing on the Group's sustainable production/distribution cycle model and constantly working to strengthen its long-term integration in local producer communities and regional ecosystems. These strategic choices, which lift the division's business performance, are aligned with the enduring market demand for wool grades produced in full compliance with animal welfare and environmental standards for the fast-growing luxury fashionwear and sportswear segments.

Chargeurs Luxury Materials' main competitors are Modiano, Tianyu and Red Sun.



At the heart of Biella in Italy the cradle for premium wool in Europe.

MARKET FOCUS

Wool, or how to master a natural product

Chargeurs Luxury Materials excels in meeting the twin challenges of guaranteeing full traceability of the wool – which requires detailed knowledge of production methods and a loyal supplier base – and delivering very high quality wool, whatever the weather conditions, the age of the sheep or the quality of their fodder.

As a natural product, the quality of wool may vary. To guarantee traceability and fiber stability, Chargeurs Luxury Materials leverages its exceptional expertise in topmaking. Topmaking, a key phase in the production process for woolen garments, consists of creating long, fine blended-wool fibers, known as tops that are closely aligned with the needs of the spinning mills. Thanks to its presence alongside wool producers and the partner combing mills, Chargeurs Luxury Materials masters all of the stages in the value chain.

"We supply a valuable resource, with full knowledge of where it came from and of its compliance with our standards of excellence."

Federico Paullier
Chief Executive Officer,
Chargeurs Wool

Three years into the new business model, how is Chargeurs Luxury Materials doing?
It's doing very well! Since we adopted the new model, we have consistently reported a profit and improved our margins. It's an achievement worth highlighting, because the wool market has always been exceptionally volatile. Our organization enables us to reduce the wool risk by closely involving all participants in the value chain, from the wool producer to the spinning mill and the major apparel brands.

And yet you operate in the often aggressive wool trading arena?
That's true, but we have developed a highly distinctive, leading-edge offer that respects the growing desire, among our customers and the buyers of their fashionwear and sportswear brands, to live in harmony with nature. Of course, that doesn't prevent us from adopting a pragmatic approach in what is still a very tough market. This explains the decision to reorganize our Chinese partner combing operations, improve our production capacity and rethink the supply chain to base topmaking activities closer to our European and American luxury fashionwear and sportswear customers.

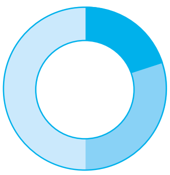
What are your priorities for 2017?
We are working on several fronts. For example, in 2016 a second Superwash line came on stream in China. We also reduced the energy costs of all of our partner combing mills. In 2017, we opened a showroom in New York with Chargeurs Fashion Technologies, to showcase our supply chain and the performance of our business model, which is increasingly sophisticated and effective following the major certification program launched in application of our CSR policy.

Chargeurs Luxury Materials

No.1 worldwide

100%

of revenue generated outside France



REVENUE BY REGION

20% - ASIA
30% - AMERICAS
50% - EUROPE

4

PARTNER COMBING MILLS

United States / Uruguay / Argentina / China

7

MARKETING AND MANAGEMENT SUBSIDIARIES

Uruguay / Italy / France / United States / New Zealand / Argentina / China

6

WOOL SOURCES

United States / New Zealand / Uruguay / Argentina / Australia / South Africa

FOCUS ON INNOVATION

Activewear, sportswear, outdoor wear: "green" apparel provides a breath of fresh air!

Chargeurs Luxury Materials' customers don't need to be told that wool, a natural product with outstanding properties, resonates with market trends and consumer demand for garments made from natural materials to wear during their outdoor activities. More and more people are rediscovering wool's properties which restore meaning to garments through a combination of structure and substance, applications and garment-making techniques. Chargeurs Luxury Materials supports these trends, which are being driven in the first instance by the high quality fiber supplied by producers.

SCAN

AND DISCOVER THE TRACEABILITY

DECRYPTION

Certified farms

Certified wool sourcing and combing

Wool spinning

Weaving/Knitting

Manufacturing

Shop

"From the sheep to the shop"

Local and global expertise and a strict policy of transparent communications with suppliers and customers

Traceability is central to Chargeurs Luxury Materials' business model and all of the division's partner combing mills are committed to obtaining Responsible Wool Standard (RWS) certification.

RWS is an independent, voluntary standard. On farms, the certification ensures that sheep are treated with respect to their Five Freedoms (Freedom from Hunger and Thirst, Freedom from Discomfort, Freedom from Pain, Injury or Disease, Freedom to Express Normal Behavior, Freedom from Fear and Distress) and also ensures best practices in the management and protection of the land. Through the processing stages, certification ensures that wool from certified farms is properly identified and traced.

We supply organic wool complying with Global Organic Textile Standards (GOTS).

GOTS is recognized as the world's leading processing standard for textiles made from organic fibers. It defines high-level environmental criteria along the entire organic textiles supply chain and requires compliance with social criteria as well.

In partnership with New Zealand Merino, we offer ZQ-certified wool, an exceptionally high quality, traceable fiber.

The ZQ Merino program was launched by The New Zealand Merino Company to help people understand that their textile choices could be a reflection of their beliefs, "you are what you wear".

We attach importance to non mulesing practices both in Latin America and in Australia and New Zealand.

1.4. BUSINESS STRATEGY

1.4.1. MARKET TRENDS AND OPPORTUNITIES

Combining powerful innovation capabilities and new service solutions while working tirelessly to improve its industrial performance in an increasingly fragmented market, Chargeurs Group is able to draw upon a robust and distinctive business model.

Our mission is to manufacture outstanding, innovative, reliable and bespoke niche products and services that enhance our customers' performance and success

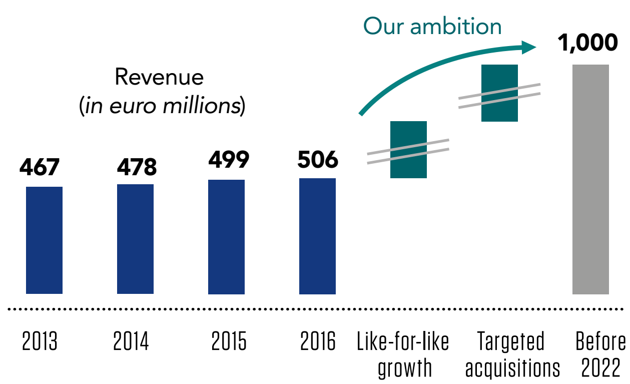
MARKET TRENDS		CHARGEURS' STRENGTHS	EXAMPLES
FRAGMENTATION OF MARKETS INTO SUB-NICHE MARKETS	• A constantly-evolving market backdrop generating new demand • Increase in the number of sub-segments • Increasingly sophisticated technologies	• A passion for developing solutions to the specific and complex needs of our customers • Expert understanding of our markets thanks to our major market share	**Chargeurs Protective Films:** • Innovation on protective films following the commissioning of the fiber laser machine for cutting steel • New materials (synthetic marble, zinc, etc.) need innovative protective films
INCREASINGLY COMPLEX GLOBAL LOGISTICS CHAIN	• Increasingly complex logistics chains for our customers • Growing challenges linked to delivery times	• Manufacturing resources around the world to ensure the best proximity services • Ambition to be a pioneer and take on new challenges to accompany our customers	**Chargeurs Fashion Technologies** • A new factory in Ethiopia to accompany our customers • Particular attention to specifications with the opening of a showroom in New York
PREMIUMIZATION	• Increasing gap between premium markets and raw materials • Increase in total cost analyses resulting in premium offers	• A commitment to closely managing processes to guarantee constant reliability, quality and operational excellence • Innovation in marketing to promote a premium approach	**Chargeurs Luxury Materials** • A new label to promote premium wool and new commitments in terms of logistics • A premium offer with complete traceability
VALUE CHAIN REPORTING	• Need for reliable technical partners • Demand for more technical support and for services	• Strong technical expertise and a global network • Integration of other activities across the value chain	**Chargeurs Protective Films** • Acquisition of application machine manufacturers to offer the machines as well as the films • Ongoing technical support

1.4.2. THE GROUP'S STRATEGIC PROGRAM

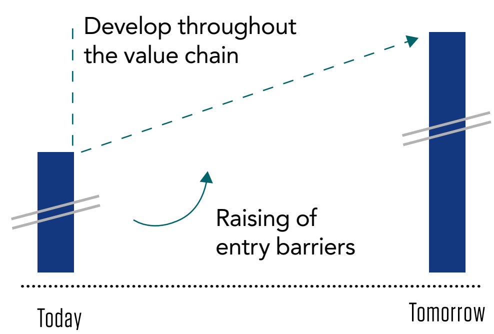
In order to speed up the implementation of its overall business strategy and achieve its objective of doubling profitable revenue* within the space of five years to €1 billion (subject to macro-economic conditions remaining constant), in the summer of 2017 Chargeurs launched a plan called Game Changer, which takes over from the "Performance, Discipline, Ambitions" plan rolled out in 2015 and is aimed at optimizing operations.

Game Changer is focused on four key areas with a view to accelerating the Group's growth and profitability and an underlying objective of increasing Chargeurs' impact in its various industries over a period of two years.

Trajectory towards €1 billion in revenue



Continuous improvement in margins thanks to the product mix and economies of scale



* *That is to say an operating margin at least equivalent to the one at December 31, 2016.*

Medium and long-term outlook: become a Game Changer in the Group's industrial niches:

- Enhancing the "**Chargeurs business model**" of developing leadership positions in niche businesses worldwide with a balanced global presence:
  - A philosophy of creating **long-term shareholder value**, supported by robust value-drivers
  - High value-added **niche businesses** offering opportunities for differentiation through product excellence and services
  - **European and, in some cases, global leadership positions**, developed over the long or very long term
  - Expertise in **managing global businesses** embodied by the **Chargeurs Business Standards** describing the Chargeurs Way
- A reinvigorated culture of operational excellence:
  - A **decentralized** managerial model by business unit, with considerable added-value provided by corporate oversight and guidance
  - Optimized **innovation-to-sales** cycles and stronger **cross-business innovations**
  - Optimized cost structures, supported by a **continuous productivity improvement** process at the level of each business
  - **Selective profitability-led investment strategy**
- A disciplined, efficiently managed financial model:
  - Carefully managed **low debt profile**
  - Optimized **profit-to-cash** conversion process (including through dynamic management of tax loss carryforwards)
- A development strategy that strikes the right balance between organic growth and acquisitions:
  - Priority given to organic growth and optimizing existing production resources
  - **Highly selective acquisitions**, to maintain a balanced geographic footprint

1.4.3. ACQUISITION STRATEGY

The Group has a selective acquisition strategy based on the following criteria:

Our criteria for acquisitions

CONSOLIDATION OF CURRENT BUSINESSES

- Focus on sectors of activity in which the Group has very little presence
- Increase our geographic cover
- Integrate part of the value chain, upstream or downstream
- Reciprocal contributions

EXPANSION INTO ADJACENT/NEW BUSINESS SECTORS

- Leadership position in a very high value-added niche market
- International dimension
- Build-up potential
- Reciprocal contributions

CONSIDERATIONS / FINANCIAL CRITERIA

- Profitable company, no implications
- Potential for improvement in performance
- Accretive valorization for the Group
- Reasonable debt structure for the Group

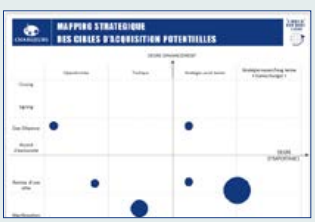
The Group acquisition process involves four phases:
analysis, pre-acquisition, integration and transformation.

Our process for acquisitions

- In the majority of cases, our market expertise allows for a preemptive approach
  → Negotiate attractive rates under the best conditions
- Efficient use of our loss carryforwards
  → Accelerate our return on investment

ANALYSIS

- Capitalize on our exhaustive knowledge of the market thanks to our leadership positions
- Analyze sub-segments



PRE-ACQUISITION

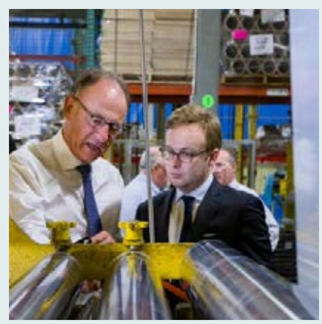
- Carry out a due diligence of technical, financial, legal, company and environmental information
- Assess synergies

INTEGRATION

- Draw on the expertise of the Chargeurs Business Solutions team
- Oversee its integration through monthly steering committees
- Monitor the achievement of synergies

TRANSFORMATION

- Improve processes through market leader expertise
- Design a portfolio of innovative products
- Draw on existing team skills to deepen our understanding of local markets



During 2017 the Group carried out the following acquisitions through Chargeurs Protective Films:

- Acquisition of US-based Walco Machines Company and purchase of a majority stake in the French company, Asidium, in April 2017.
- Acquisition of Omma, Italy's leading manufacturer of application machines, in August 2017.

In 2016, the Group acquired the US-based company Main Tape Inc., again through Chargeurs Protective Films.

Chargeurs' acquisition strategy

TRACK RECORD

WALCO SOMERRA OMMA

MAIN TAPE

- Extension of leadership to a growing US market
- Reinforcement on various market segments: metals, construction, specific applications, automotive
- Reinforcement of our production capacities in the dollar zone
- Development of activity under the impetus of the Chargeurs Business Standards

WALCO, SOMERRA & OMMA

- High quality, carefully targeted acquisitions
- Inroads into complementary markets for protective films
- Major growth potential
- Offer of new integrated solutions for customers

1.5. ANALYSIS OF THE CONSOLIDATED RESULTS FOR 2015, 2016 AND THE FIRST HALF OF 2017

1.5.1. REVIEW OF THE CONSOLIDATED RESULTS

1.5.1.1. Review of consolidated revenue for the nine months ended September 30, 2017

	Nine months		Year-on-year change		Third-quarter		Year-on-year change	
(in euro millions)	**2017**	2016	Reported	Like-for-like*	**2017**	2016	Reported	Like-for-like*
Chargeurs Protective Films	211.0	187.5	+23.5	+6.3 %	67.7	67.0	+0.7	+1.9%
Chargeurs Fashion Technologies	98.7	100.3	(1.6)	(0.9)%	30.9	31.5	(0.6)	+2.9%
Chargeurs Technical Substrates	18.3	17.2	+1.1	+6.4%	5.8	5.6	+0.2	+3.6%
Luxury Materials	74.8	74.6	+0.2	(0.9)%	16.6	22.1	(5.5)	(21.7)%
CHARGEURS, INCLUDING LUXURY MATERIALS	**402.8**	**379.6**	**+23.2**	**+3.0%**	**121.0**	**126.2**	**(5.2)**	**(1.9)%**
CHARGEURS, EXCLUDING LUXURY MATERIALS	**328.0**	**305.0**	**+23.0**	**+3.9%**	**104.4**	**104.1**	**+0.3**	**+2.3%**

* *Like-for-like growth corresponds to revenue growth based on a comparable scope of consolidation (i.e. applying the scope of consolidation for the comparable period to the data for the current period) and at constant exchange rates (i.e. applying the average exchange rate for the comparable period to the data for the current period).*

Ongoing brisk momentum and a more selective strategy

The overall like-for-like growth figure of 3.0% for the first nine months of 2017 breaks down as follows by operating segment:

- **At Chargeurs Protective Films** like-for-like revenue growth was once again **very strong, coming in at 6.3%.** This performance was driven by higher worldwide demand, constant optimization of the division's product mix and the launch of game-changing innovations. During the third quarter, business in the United States – which is Chargeurs Protective Films' primary market – suffered as a result of the extreme weather events that hit the country in September. However, the division saw business pick up again as of the beginning of the fourth quarter, as postponed projects were relaunched and demand grew due to the reconstruction required in the United States. Meanwhile, the integration of Main Tape – which was acquired in July 2016 – continued successfully during the period.
- **At Chargeurs Fashion Technologies** like-for-like revenue was stable in the first nine months of 2017 compared with the same period of 2016, in line with the division's strategy. In third-quarter 2017, revenue climbed 2.9% on a like-for-like basis, with the division feeling the expected benefits of projects starting up again after being postponed at the beginning of the year, as the industry returned to more habitual delivery schedules. Chargeurs Fashion Technologies is pursuing its selective sales strategy, focusing on products with more resilient margins, and is continuing to turn around its operating performance.
- **Chargeurs Technical Substrates** continued its brisk growth trajectory in the first nine months of 2017, propelled by a strong like-for-like increase in business volumes. This drove a **6.4% like-for-like revenue rise** compared with the same period of 2016, when the division had already posted a sharp increase. In third-quarter 2017, revenue growth came to 3.6%, reflecting the impact of both annual summer closures and the timings of international export orders (such as with China, India, Asia-Pacific, etc.), which vary throughout the year. Business in 2018 is expected to be driven by sales of new game-changing innovations – notably Sublimis – which should help to capture new U.S. markets, as well as by a gradual foray into the new acoustics markets.
- **Chargeurs Luxury Materials** – whose business involves trades of premium fibers that are systematically hedged by forward sale contracts – generated revenue of €74.8 million in the first nine months of 2017. During the third quarter, Chargeurs Luxury Materials followed the Group's other divisions by putting in place a selective sales strategy in order to gradually boost its profitability and strengthen its long-term relations with major international luxury and sportswear brands. To speed up this process of reorienting its business towards products with more profitable margins, in October 2017 the division launched a new range of premium fibers called Organica (see http://www.organica-preciousfiber.com). The initial benefits of this worldwide launch are expected to be felt within 18 months.

Game Changer plan

In the third quarter of 2017, Chargeurs launched an acceleration plan called **Game Changer** which is intended to help the Group reach its objective of doubling profitable revenue within the space of five years, subject to macro-economic conditions remaining constant.

All of Chargeurs teams, across the world and at all operational levels within the Group, are working on the rollout of the plan, which covers the following:

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

In line with this plan, in order to accelerate its shift towards Industry 4.0 and heighten the focus of its manufacturing activities on very high value-added products, the Group has just announced that it intends to make a strategic internal investment of over **€20 million** in Chargeurs Protective Films and that it is launching a techno-smart project that will give the division a brand new production line within the next 24 months, which will be unique in the world.

1.5.1.2. Review of the consolidated results for the first half of 2017

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

** Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

Another period of robust like-for-like growth and launch of a new acceleration plan

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

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

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

Stepping up our five-year goals

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

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

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

ANALYSIS BY BUSINESS SEGMENT

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

(in euro millions)	**H1 2017**	H1 2016	Year-on-year change	
Revenue	143.3	120.5	+22.8	+18.9%
*Like-for-like change (%)**				***+8.7%***
EBITDA	21.4	16.5	+4.9	+29.7%
As a % of revenue	*14.9%*	*13.7%*		
Recurring operating profit	18.2	14.0	+4.2	**+30.0%**
As a % of revenue	***12.7%***	*11.6%*		

** Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

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

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

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

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

(in euro millions)	**H1 2017**	H1 2016	Year-on-year change	
Revenue	67.8	68.9	(1.1)	(1.6)%
*Like-for-like change (%)**				*(2.8)%*
EBITDA	5.8	6.5	(0.7)	(10.8)%
As a % of revenue	***8.6%***	*9.4%*		
Recurring operating profit	4.0	4.5	(0.5)	(11.1)%
As a % of revenue	*5.9%*	*6.5%*		

** Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

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

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

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

Chargeurs Technical Substrates: another buoyant performance

(in euro millions)	**H1 2017**	H1 2016	Year-on-year change	
Revenue	12.5	11.6	+0.9	+7.8%
*Like-for-like change (%)**				*+7.8%*
EBITDA	2.3	2.3	-	-
As a % of revenue	***18.4%***	*19.8%*		
Recurring operating profit	1.8	1.8	-	-
As a % of revenue	*14.4%*	*15.5%*		

** Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

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

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

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

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

(in euro millions)	**H1 2017**	H1 2016	Year-on-year change	
Revenue	58.2	52.5	+5.7	+10.9%
*Like-for-like change (%)**				*+7.8%*
EBITDA	1.7	1.8	(0.1)	(5.6)%
As a % of revenue	*2.9%*	*3.4%*		
Recurring operating profit	1.7	1.8	(0.1)	(5.6)%
As a % of revenue	***2.9%***	*3.4%*		

** Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

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

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

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

1.5.1.3. Consolidated Financial Statements 2016

			Year-on-year change	
(in euro millions)	**2016**	2015	Reported	Like-for-like*
Revenue	506.4	498.7	+1.5%	*+5.1%*
EBITDA	48.8	40.3	+21.1%	+24.1%
As a % of revenue	*9.6%*	*8.1%*		
Recurring operating profit	38.9	30.6	+27.1%	**+31.0%**
As a % of revenue	***7.7%***	*6.1%*		
Attributable net profit	25.0	15.3	**+63.4%**	

** Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

Revenue that topped the symbolic €500 million mark

Like-for-like revenue growth that was greater than global economic growth and three times greater than euro zone growth

Revenue for the twelve months ended December 31, 2016 was up 5.1% like-for-like, fueled by a solid increase in business volumes and a further improvement in the product mix across all of the Group's businesses. Excluding Chargeurs Luxury Materials, year-on-year revenue growth was 4.7% on a like-for-like basis.

Changes in the scope of consolidation had a 1.4% negative effect, reflecting the January 1, 2016 deconsolidation of Yak Trading (Fashion Technologies) in China, the effect of which was partly offset by the acquisition of Main Tape (Protective Films) in July 2016 in the United States. The currency impact (-2.2%) mainly concerned the Argentine peso, with the Fashion Technologies business being the most affected.

Faster improvement in operational performance: higher net profit and cash flow

Chargeurs' operating margin widened by 160 basis points compared to 2015, with all of the Group's businesses contributing to the increase. The successful implementation of the "Performance, Discipline, Ambitions" plan launched at the end of 2015 and last year's deployment of the Chargeurs Business Standards have aligned all of the businesses with the best international benchmarks in terms of innovation strategy, operational and technological excellence, quality and services. Net profit rose by 63% to €25.0 million while cash flow, at €30.0 million, was 24% higher year on year, reflecting the steady improvement in the Group's cash generation.

ANALYSIS BY BUSINESS SEGMENT

Chargeurs Protective Films: revenue in excess of €250 million and a 150 basis point increase in operating margin

(in euro millions)	**2016**	2015	Year-on-year change	
Revenue	250.3	227.2	+23.1	+10.2%
*Like-for-like change (%)**				*+6.5%*
EBITDA	33.2	26.8	+6.4	+23.9%
As a % of revenue	*13.3%*	*11.8%*		
Recurring operating profit	28.0	21.8	+6.2	**+28.4%**
As a % of revenue	***11.2%***	*9.6%*		

* *Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

Chargeurs Protective Films enjoyed robust growth of 6.5%. The main drivers were high business volumes and a further improvement in product mix, reflecting the division's ongoing innovation drive, technological differentiation and broader global footprint. The July 2016 acquisition of Main Tape in the United States – Chargeurs Protective Films' first external growth transaction in over 15 years – added new production capacity in the dollar zone, strong synergies and a product offer that complements the division's existing line-up.

It helped to lift Chargeurs Protective Films' revenue to above the symbolic €250 million mark. The division's contribution to recurring operating profit totaled €28.0 million, reflecting a 150-basis point improvement in its operating margin rate that was attributable to strict cost management and favorable exchange rates.

Chargeurs Fashion Technologies: an outstanding recovery and an operating margin rate up by an exceptional 280 basis points

(in euro millions)	**2016**	2015	Year-on-year change	
Revenue	132.0	157.5	(25.5)	(16.2)%
*Like-for-like change (%)**				*+0.1%*
EBITDA	11.7	9.6	+2.1	+21.9%
As a % of revenue	*8.9%*	*6.1%*		
Recurring operating profit	8.0	5.5	+2.5	**+45.5%**
As a % of revenue	***6.1%***	*3.5%*		

* *Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

In line with its more selective marketing strategy, Chargeurs Fashion Technologies delivered an excellent performance in 2016 by focusing on the most profitable product lines meeting the needs of global customers.

The division optimized its presence in China by selling its stake in the Yak Trading joint venture (representing revenues of €17.3 million in 2015) and transferring all local manufacturing operations to its plant located close to Shanghai.

Despite the unfavorable exchange rate for the Argentine peso, operating margin rate increased by an exceptional 280 basis points, leading to recurring operating profit of €8.0 million. This performance reflects the full-year impact of the restructuring plan launched at the end of 2015 and the improvement in product mix that followed the February 2016 market launch of ultra-thin (40-gauge) high-end interlining products.

Chargeurs Technical Substrates: successful commissioning of the 5-meter width coating line and launch of product innovations

(in euro millions)	**2016**	2015	Year-on-year change	
Revenue	24.6	20.3	+4.3	+21.2%
*Like-for-like change (%)**				*+21.2%*
EBITDA	4.7	4.1	+0.6	**+14.6%**
As a % of revenue	***19.1%***	*20.2%*		
Recurring operating profit	3.8	3.6	+0.2	+5.6%
As a % of revenue	*15.4%*	*17.7%*		

* *Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

Last year's commissioning of the new 5-meter width coating line and the steady stream of innovations for the digital fabric printing market helped to drive more than 20% like-for-like revenue growth at Chargeurs Technical Substrates, to just under €25 million.

Profitability remained strong in 2016 thanks to effective cost management. Recurring operating profit rose to €3.8 million despite the additional depreciation expense and fixed costs associated with the new coating line.

Chargeurs Luxury Materials: strong positioning on premium products

Chargeurs Wool has been renamed Chargeurs Luxury Materials to underscore its expertise in managing the high quality combed wool supply chain for customers at the luxury end of the apparel market.

(in euro millions)	**2016**	2015	Year-on-year change	
Revenue	99.5	93.7	+5.8	+6.2%
*Like-for-like change (%)**				*+6.8%*
EBITDA	2.9	2.6	+0.3	+11.5%
As a % of revenue	*2.9%*	*2.8%*		
Recurring operating profit	2.9	2.5	+0.4	**+16.0%**
As a % of revenue	***2.9%***	*2.7%*		

* *Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

Chargeurs Luxury Materials reported revenue of nearly €100.0 million in 2016, an increase of 6.8% like-for-like compared with the previous year. This performance attests to the effectiveness of the division's strategic focus on high quality, traceable and durable fibers, aimed at offering premium services to customers in the luxury segment.

Chargeurs Luxury Materials reported recurring operating profit of €2.9 million for 2016, up 16% on the prior year, and return on capital employed of close to 10%.

Sustainable development is a growing concern for the leading luxury brands and this will be a key factor in Chargeurs Luxury Materials' strategy going forward.

1.5.1.4. Consolidated Financial Statements 2015

(in euro millions)	**2015**	2014	Year-on-year change %
Revenue	498.7	478.3	4.3%
EBITDA	40.3	31.8	26.7%
EBITDA margin	*8.1%*	*6.6%*	*1.4 pt*
Recurring operating profit	**30.6**	22.9	33.6%
Recurring operating profit margin	*6.1%*	*4.8%*	*1.3pt*
Attributable net profit	**15.3**	10.8	41.7%

Strong business growth momentum

In 2015, Chargeurs' revenue grew by 4.3%, helped by an improved product mix and competitive currency exchange rates. Excluding wool trading, revenue was up 1.7% at constant scope and exchange rates, reflecting the positive effects of a more selective marketing strategy focused on the most profitable customers, particularly at Chargeurs Fashion Technologies. The Chargeurs Protective Films and Chargeurs Technical Substrates segments enjoyed strong growth, with revenues up 3.6% and 22.3% respectively.

Sharp improvement in operating performance and profit

At €30.6 million, recurring operating profit was up by a strong 33.6% compared to 2014, led by product mix improvements across all business segments. The Group became more competitive over the year, thanks to its innovation-led strategy and strict application of its selective marketing policy.

This was reflected in the 42% increase in net profit to €15.3 million, and the sharp rise in free cash flow[(1)] to €19.5 million.

(1) Free cash flow = Cash generated by operations + dividends from equity-accounted investees + change in working capital – capital expenditure.

ANALYSIS BY BUSINESS SEGMENT

Chargeurs Protective Films: a record performance

(in euro millions)	2015	2014	Year-on-year change %
Revenue	227.2	206.6	10.0%
*Like-for-like change (%)**			*3.6%*
EBITDA	26.8	21.4	25.2%
EBITDA margin	*11.8%*	*10.4%*	
Recurring operating profit	21.8	16.8	29.8%
Recurring operating profit margin	*9.6%*	*8.1%*	

* *Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

Chargeurs Protective Films' innovation-led strategy, underpinned by its technological differentiation and service-minded expertise, helped to drive a 10% increase in revenue to €227.2 million in 2015. This represented a record performance for the segment, sustained by effective management of the product mix and a global footprint that enabled the segment to benefit from favorable exchange rates.

Revenue growth contributed to an even faster increase in recurring operating profit, which rose by 30% to €21.8 million in 2015 from €16.8 million the previous year.

Chargeurs Fashion Technologies: a promising strategic focus on selective marketing

Chargeurs Interlining has been renamed Chargeurs Fashion Technologies to underscore the Group's experience and technical expertise in global manufacturing of high value-added interlinings.

(in euro millions)	2015	2014**	Year-on-year change %
Revenue	157.5	150.9	4.4%
*Like-for-like change (%)**			*(3.5)%*
EBITDA	9.6	7.7	24.7%
EBITDA margin	*6.1%*	*5.1%*	
Recurring operating profit	5.5	4.0	37.5%
Recurring operating profit margin	*3.5%*	*2.7%*	

* *Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*
** *Restated to exclude Chargeurs Technical Substrates data, which has been presented separately since June 30, 2015.*

In 2015, Chargeurs Fashion Technologies reported revenue up 4% at €157.5 million. The increase was attributable to an assertive marketing focus on the most profitable business, which drove an improvement in the product mix, and to the favorable overall currency effect resulting from its global presence.

Selective marketing combined with a strategy to reduce fixed costs led to a sharp 38% rise in the segment's recurring operating profit to €5.5 million.

Chargeurs Technical Substrates: excellent operating momentum

(in euro millions)	**2015**	2014	Year-on-year change %
Revenue	20.3	16.6	22.3%
*Like-for-like change (%)**			*22.3%*
EBITDA	4.1	2.6	57.7%
EBITDA margin	*20.2%*	*15.7%*	
Recurring operating profit	3.6	2.2	63.6%
Recurring operating profit margin	*17.7%*	*13.3%*	

* *Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

In 2015, Chargeurs Technical Substrates stepped up the pace of business growth, reporting revenue up by more than 22% to €20.3 million. The new, extra-wide production line installed at the Sélestat plant in Alsace (France) in late November 2015 has expanded the segment's innovation capabilities while also creating opportunities to improve manufacturing productivity. This in turn will broaden its potential customer base and support the rapid pace of business growth.

Leveraging its strategic focus on high value-added products and buoyant markets, Chargeurs Technical Substrates ended the year with recurring operating profit of €3.6 million, representing an increase of more than 60% on 2014.

Chargeurs Luxury Materials: a third consecutive year in profit

(in euro millions)	**2015**	2014	Year-on-year change %
Revenue	93.7	104.2	(10.1)%
*Like-for-like change (%)**			*(13.1)%*
EBITDA	2.6	3.5	(25.7)%
EBITDA margin	*2.8%*	*3.4%*	
Recurring operating profit	2.5	3.4	(26.5)%
Recurring operating profit margin	*2.7%*	*3.3%*	

* *Like-for-like (based on a comparable scope of consolidation and at constant exchange rates): see definition in section 1.5.1.1 above.*

Chargeurs Luxury Materials demonstrated its resilience in 2015. At €94 million, reported revenues were down on 2014, which was a very good year, although the decline was partly offset by an improvement in the product mix during the fourth quarter and by the favorable overall currency effect.

The segment ended the year with recurring operating profit of €2.5 million. This was its third consecutive year in the black, confirming the effectiveness of its strategic focus, since 2012, on marketing superior quality combed wool.

1.5.2. FINANCIAL STRUCTURE

Financial position at June 30, 2017

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

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

During the first half of 2017 the Group further optimized its balance sheet structure and financial resources by carrying out a €50 million Euro PP issue involving 8-year and 10-year financing on May 30, 2017. This financing – the first in the Group's history to have such a long maturity – was raised as part of the Group's overall development strategy and is repayable at maturity. In tandem, the Group extended the average maturity of its existing borrowings, which also helped improve the profile of its debt.

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

The Group's financial structure is detailed in note 15 to the consolidated financial statements for the first half of 2017.

Financial position at December 31, 2016

Chargeurs' robust financial position was further strengthened during the year, with equity attributable to owners of the parent rising to €227.3 million at December 31, 2016 from €219.3 million at the previous year-end.

Thanks to its high profit-to-cash conversion rate and tight control of working capital, the Group ended the year with a €3.2 million net cash position despite sustained investment to support its leadership of niche markets, an increase in the dividend and external growth (acquisition of Main Tape).

A total of €89 million in new financing was raised during the year, extending the average life of financing from 3.4 to 5.1 years. The new facilities included the Group's first foray into France's Euro PP market, in the shape of two seven-year issues for a total of €72 million.

The Group's financial structure is detailed in note 17 to the consolidated financial statements for 2016.

Financial position at December 31, 2015

Chargeurs' robust financial position was further strengthened during the year, with equity attributable to owners of the parent rising by 20.1% to €219.3 million at December 31, 2015 from €182.6 million at the previous year-end.

The Chargeurs convertible bonds issued in April 2010 matured on January 1, 2016. Of the 415,083 convertible bonds included in the original issue, 99.7% (413,798 bonds) were converted, leading to the issue of 12,589,047 Chargeurs shares and raising the total number of shares outstanding to 22,966,144 at January 11, 2016.

The Group's financial structure is detailed in notes 17 and 18 to the consolidated financial statements for 2015.

1.5.3. OUTLOOK

Based on the Group's growth momentum in the first nine months of the year as well as its performance at October 31, 2017, Chargeurs expects to see a solid end-of-year performance. Consequently, it is standing by its full-year guidance, namely that it will achieve a further increase in recurring operating profit and a higher level of cash flow, based on a comparable scope of consolidation and constant exchange rates and assuming that geopolitical and macro-economic conditions remain unchanged.

Stepping up our five-year goals

During the first half of 2017 the Group put in place an acceleration plan ("Game Changer"), which takes over from the "Performance, Discipline, Ambition" plan and brings together all of the Group's teams worldwide at all levels of operations. The underlying aim is to help the Group reach its objective of doubling profitable revenue within the space of five years, subject to macro-economic conditions remaining constant (see sections 1.4.2 and 1.5.1.1 of this Registration document).

1.6. MANUFACTURING AND INNOVATION STRATEGY

1.6.1. A CULTURE OF MANUFACTURING EXCELLENCE

In serving its niche high-tech markets, Chargeurs leverages a robust and distinctive manufacturing model. Robust because it draws upon a combination of powerful innovation capabilities, a selective marketing strategy and a stable long-term reference shareholder structure. Distinctive because, as well as capitalizing on the advantages of operating across diverse global economic cycles, the Group's standards of excellence ensure it constantly works alongside with customers in developing new solutions.

THE CHARGEURS BUSINESS MODEL		CHARGEURS PROTECTIVE FILMS	CHARGEURS FASHION TECHNOLOGIES	CHARGEURS TECHNICAL SUBSTRATES	CHARGEURS LUXURY MATERIALS	CHARGEURS
A CULTURE OF EXCELLENCE ACROSS ALL CORE PROCESSES	Use of cutting-edge technologies	◆◆◆	◆◆◆	◆◆◆	◆◆◆	◆◆◆
	Policy of continuous technological innovation	30% of products less than 5 years old	Creation of the world's thinnest interlining	Development of Decoprint products	Total traceability of wool sold	A policy of continuous technological innovation embraced by all 4 businesses
	Cutting-edge equipment in key plants	Development of solvent emulsion	Creation of the world's first ultra-thin (40-gauge) technical knitting machine	Creation in 2015 of a 5-meter width coating line	Pioneering development of Superwash fiber stabilization equipment	Disruptive innovations in all Group businesses
	Globally balanced manufacturing footprint	3 sites in Europe 3 sites in North America	1 site in Europe 3 sites in Asia-Pacific 1 site in North America 2 sites in South America 1 site in Africa	1 site in Europe	4 industrial partnerships North America, South America, Asia	15 own manufacturing plants 4 industrial partnerships 5 continents
	Green innovation and production policy	Creation in France of a solvent recovery unit in 2015	Launch of a recycled plastics production line in 2016	EstoMpe®, a coated fabric that selectively filters electromagnetic waves	Total traceability of wool	A corporate social responsibility culture integrated into the customer offering
	Number of R&D and Quality laboratories	4	7	1 (10% of the subsidiary's workforce)	4	More than 10 R&D centers

1.6.2. MANUFACTURING AND REAL-ESTATE ASSETS

GEOGRAPHIC COVERAGE AT DECEMBER 31, 2016

	Manufacturing sites and partnerships	Distribution units	Offices	Number of employees
EUROPE	4	14	9	770
AMERICAS	5	10	2	313
ASIA PACIFIC	4	12	4	423
TOTAL	**14**	**36**	**15**	**1,506**

At December 31, 2016, property, plant and equipment represented a carrying amount of €61.8 million and mainly comprised plant and equipment for a total of €40.8 million. Land and buildings represented €2.6 million and €10.0 million respectively (see notes 11 and 12 to the 2016 consolidated financial statements).

The Group's real-estate assets also include operating leases (see note 23.4 to the 2016 consolidated financial statements).

1.6.3. CAPITAL EXPENDITURE

The Group's capital expenditure mainly relates to growth and innovation.

1.6.3.1. Capital expenditure projects announced in 2017

Chargeurs Protective Films pursues its drive to expand and move upmarket

As part of its Game Changer plan, aimed at accelerating operations and doubling the Group's profitable revenue over the next five years, in 2017, Chargeurs announced that it intends to make a strategic internal investment of over €20 million in Chargeurs Protective Films.

In the course of the next 24 months, Chargeurs will commission a new coating line at one of its Western entities that will be devoted to its Protective Films business and the production of highly technical films with very high value-added. The initial production samples and first sales are expected in 2019.

Capitalizing on a geographic positioning that enables it to work very closely with its target markets, and part of a smart manufacturing center, this unique technological production line will integrate state-of-the-art industrial functionalities that will enable smart monitoring (automation, virtualization, Big Data, modeling, etc.) and more sustainable management (with significant energy savings), making the division one of the world's frontrunners for Industry 4.0.

This investment is also expected to optimize the return on capital employed for the Group's divisions over the long term.

A techno-smart project at the heart of the Game Changer plan

This new techno-smart project, which will enable the division to increase its industrial and commercial scope and accelerate its organic growth, is based on the four core pillars of the Game Changer plan:

- *Innovation*: speeding up the launch of disruptive and highly technical innovations in line with increasingly-rapid market changes, and continuously improving production capacities.
- *Smart & Advanced Manufacturing:* strengthening the industrial performance of the division's assets.
- *Sales & Marketing:* contributing to the success of high value-added products (e.g. Low Noise and Laser Fiber).
- *Talent management:* modernizing Chargeurs Protective Films' industrial organization to enable it to move up the value chain, and creating a specific Smart Production Unit to continue to implement the division's manufacturing strategy based on smart production and optimizing the manufacturing base.

1.6.3.2. Capital expenditure in 2014-2016

Chargeurs launched a €7.5 million capital expenditure program for its Technical Substrates business, which covered the years 2014, 2015 and 2016 and was dedicated to creating a new 5-meter width, high value-added production line – the only one of its kind in France.

The tables below show the total amount of the Group's capital expenditure for 2016, 2015 and 2014.

(in euro millions)	2016	2015	2014
Property, plant and equipment	11.5	13.7	21.7
Intangible assets	1.3	1.0	0.6
TOTAL	**12.8**	**14.7**	**22.3**

(in euro millions)	2016	2015	2014
Western Europe	11.4	13.1	18.5
Central and Eastern Europe and Africa			
North America	0.4	0.8	2.0
South America	0.3	0.4	0.4
Asia	0.7	0.5	1.3
TOTAL	**12.8**	**14.7**	**22.3**

1.6.4. FOUR INNOVATION PILLARS

2016 was a landmark year for Chargeurs.

Changes in its reference shareholders and governance system in late 2015 led to the addition of a new priority for the Group, a deeper engagement in sustainable competitiveness. As a manufacturing group, Chargeurs has always sought to ensure that its different businesses uphold strict CSR criteria, something which is reflected in its previous reports and the illustrative examples they feature, notably when it comes to protecting the environment at our manufacturing plants. Today, they are part of a reaffirmed vision that has resonance for all stakeholders and promotes a set of values addressing the key areas of:

- customer satisfaction, the goal underpinning everything we do;
- human development, the keystone of our transformation.

1.6.4.1. Innovation in Human Resources management & training

A blend of talents: giving employees the means to grow with the Group.

An organization that protects and nurtures specialized expertise

Chargeurs is a key link in the product value chain. Its role is not generally visible to the uninitiated, but is nonetheless decisive. This discreet role, which goes with our positioning in niche industrial markets, has sometimes deterred some job-seekers from applying for a position, unaware of our Group's distinctive value and the opportunities we offer to acquire expertise. In all of our companies, it is impossible for staff to do their job without learning the business's technical fundamentals. Each business explains and recognizes internal initiatives to preserve the exceptional expertise that is central to its performance and environment.

Apprenticeship programs are often the key to unearthing new talent, with young school-leavers joining the Group to learn a trade and discovering, by working in our teams, that what started as a job has become a passion. Two years on average are needed for each team member to be capable of contributing fully to the activities of their unit.

Learning how to select wool and master the micron measurement process at Chargeurs Luxury Materials (CLM) requires a long apprenticeship alongside the best wool combing experts in Patagonia or New Zealand.

Selecting the best interlining for the fabrics chosen by designers for their next collection is a skill learnt in the shade of the engineering department of Chargeurs Fashion Technologies (CFT). The process takes place in the back room of the fashion house under the unforgiving eye of the *chef d'atelier*, to develop the winning interlining with clockwork precision. These are little known professions that we help young people to discover, giving them the opportunity to participate in creating something beautiful for an industry that is experiencing a renaissance.

Meeting the challenge of deploying coating expertise along with expertise in developing chemical formulations, with regular input from the research and development teams to meet customer demands: Chargeurs Protective Films (CPF) has been doing just that for many years with growing success, overtaking competitors that are less skilled in combining the two techniques.

Mastering the alchemy between base textiles and coating is another challenge that Chargeurs Technical Substrates' teams constantly meet. The Sélestat plant and R&D center regularly take on young people at the end of their apprenticeship, teaching them to love a profession that always offers spectacular results.

Bold talent management

At Chargeurs we don't just pay lip service to the principle of investing in talent. Since the beginning of 2016, a number of actions have been launched to strengthen our teams and expand individual skill-sets at all levels:

- External hires to embed the new governance team's ambitions for the Group. Bringing in external talent helps to expand and strengthen the skill base, while also opening up the organization to new ideas and a bold approach to Group projects.
- Exercises to encourage employee initiative, with an employee of Chargeurs Fashion Technologies France asked to open the division's New York office, a marketing entity set up within Chargeurs Fashion Technologies and another unit within Chargeurs Luxury Materials assigned the task of rethinking the production value chain.
- Imaginative new modules are being introduced. After several months of preparation, Chargeurs Business Solutions swung into action in early 2017 as an internal consultant for the Group's businesses, on-hand to help them prepare and implement their many projects.

In all of the Group's teams around the world, each individual is actively encouraged to share their ideas and practices with other units. An exacting and committed approach to talent management that promotes openness and international experience and encourages internal mobility.

2 years the average period of internal training needed to master an operational skill.

157 the number of new employees who joined the Group in 2016.

2 the number of seminars organized in 2016 among employees of all four of the Group's businesses to build a shared future trajectory.

FOCUS ON INNOVATION

Promoting a group spirit by enabling employees of each business to discover the other businesses.

A series of initiatives was organized in 2016 to enable the employees of each business to get to know their colleagues working in other units. Extending beyond meetings between members of senior management, these contacts enabled sales people, engineers, and members of the CSR and HR teams to share information about their values, projects, practices and objectives. Several of these objectives should be fulfilled in 2017, with the development of a Group on-boarding process, the inclusion of more stringent CSR criteria in the Group's procurement policies, the introduction of collaborative tools and the adoption of new managerial practices.

1.6.4.2. Innovation in products & marketing

Eco-responsibility is central to our innovations: delivering increasingly innovative solutions to our customers

Our customers' expectations guide our product and service strategies. To respond effectively, we encourage all our businesses to innovate, because an innovation-led strategy is the only way to continuously enhance the added value that we offer our customers. Our eco-responsible approach is central to this strategy.

Our businesses are keenly aware that their products play a key role in the production processes of other industries and work tirelessly to guarantee customer satisfaction.

Innovation helps them to acquire and retain leadership positions in their markets by adding value to their customers' manufacturing processes and sales and marketing strategies.
Through its position upstream from the production process for wool-based products, Chargeurs Luxury Materials helps brands to manage their supply chain.
By choosing Chargeurs Luxury Materials, these brands can guarantee to their own customers that their products are made from organic wool sourced from producers that apply the highest animal welfare standards and transformed at environmentally responsible combing mills. Customers derive a clear commercial advantage from this service and this guarantee.

Chargeurs Fashion Technologies' value-added strategy has led to the development of Eco'In.

This new interlining range is manufactured at our French and Chinese plants using polyester yarn made from recycled plastic bottles. Customers are invited to support extensions to the Eco'In range, as part of a textile industry initiative to promote eco-responsible production.

Another environmental initiative is Oeko-Tex®, a worldwide consistent, independent testing and certification system for textiles. Oeko-Tex®-certified products are guaranteed as being free from chemical substances that are harmful to health and the skin, and as having been made using environmentally sound processes. 80% of Chargeurs Fashion Technologies products are certified as Oeko-Tex® Class 1, the most exacting standard corresponding to articles for babies and toddlers up to three years of age.

This certification enables Chargeurs Fashion Technologies' customers to promote their products as being made with eco-responsible interlining.

Our customers are satisfied

9.5/10

the rating obtained from an ethics audit conducted on behalf of ICEBREAKER, Chargeurs Luxury Materials' largest customer in New Zealand. The audit was performed at our wool combing mill in China and the high score awarded far outranks the industry average (6.7/10).

Eco'In, an interlining range manufactured using polyester yarn made from recycled plastic bottles

1. The empty plastic bottles are collected

2. Our partners transform the bottles into polyester yarn

3. Our plants in France and China use the yarn to make interlining

4. Your garments are made using high quality and long-lasting interlining

FOCUS ON INNOVATION

Concerto low noise technology

Concerto was developed by Chargeurs Protective Films as a solution to the problem of noise in units and factories that apply highly adhesive protective film. In all of these units, particularly those in the stainless steel industry, noise levels can be as high as 110 decibels which is more than the noise generated by a pneumatic drill. Thanks to Chargeurs Protective Films' innovation, the main market players are now able to apply highly adhesive protective film at optimum noise levels. The noise of unrolling Concerto film is below the level beyond which health and safety regulations require personal protective equipment to be worn (85 dB in Europe and most other countries around the world).

This has many benefits for our customers:

- reduction in noise-related health risks;
- reduction in the number of days lost to sick leave due to noise-induced stress;
- reduction in noise-related costs;
- reduction in expenditure on noise protection measures;
- positive impact on CSR policies: application of the film is improved because it is stretched more tightly, leading to a reduction in application time and waste.

By offering this new product to its customers, Chargeurs Protective Films gives them a clear commercial advantage.

1.6.4.3. Innovation in organization

Flexible structures to keep pace with change: As production and consumer spending become increasingly location-independent, Chargeurs is agilely and proactively embracing digital nomadism.

An agile organization to meet the challenges of changing markets

Our ability to adapt our structures is a core competitive strength. We regularly adjust our organization in response to market changes and changes in customer demand, to enable everyone to perform to the best of their ability within their unit. In 2016, a number of significant improvements were made.

At Chargeurs Protective Films, a lean manufacturing program was launched that closely involved all of the 246 employees of Novacel's French plant in a continuous improvement process. The ground-breaking program was led by the plant's general manager, who immediately observed a positive impact on last year's equipment uptime and performance rates, as well as on the Quality Rate*.

At Chargeurs Fashion Technologies, the Péronne facility in northern France and Nertex's showroom in Paris were refurbished (by increasing the height of the chimneys and painting the buildings) but more importantly, their teams took a fresh look at how they were organized, in order to create a more efficient, stress-free working environment. The sales engineering department has been combined with the R&D center to speed up the development of the new products required by customers for each new collection; a very simple way of making a product circuit more fluid and more efficiently testing the product's alignment with demand.

In international markets, the Chinese entities have adjusted their organization so that targeting of the Asian market is now led from Shanghai. In addition, a plant is being set up in Ethiopia to bring manufacturing closer to the business's customers.
Lastly, at Chargeurs Technical Substrates, the team in Alsace has been expanded to target the international market in a more structured manner, with sales people assigned to specific regions in order to lay the foundations for the future extension of the business's geographic footprint.

Among industrial partners of Chargeurs Luxury Materials, the manufacturing facilities in Zhangjiagang (China) and Jamestown (United States) have dedicated a section of their plant to the development of Superwash, a flagship product that has been a core focus of recent R&D work and spending.

Attentive management of working conditions

Working for Chargeurs means embracing the Group's practices and values, particularly in terms of working conditions. We endeavor to drive continuous improvement in production line methods and practices. Examples include the widespread deployment of automated material handling systems capable of lifting increasingly heavy rolls and reducing the strain for warehouse employees.

At Lainière de Picardie (Chargeurs Fashion Technologies), new working hour arrangements have been introduced to address arduous conditions at certain workstations and the impact of long careers.

By hiring new apprentices and adjusting the plant's age pyramid, it was possible to offer these employees more hospitable working hours.

At Chargeurs Protective Films, Concerto low noise technology has reduced noise levels for employees working in the production units of Novacel and its customers

> "At Chargeurs Protective Films, a Lean 6 Sigma approach has been adopted at the Novacel plant in Déville-lès-Rouen. This approach, which focuses on customer satisfaction and industrial performance, aims to increase productivity and improve product quality. The objective is to make Lean 6 Sigma part of the Novacel culture"
>
> Laurent Derolez
> **Managing Director**
> **Chargeurs Protective Films**

100% the proportion of US sites that underwent a safety audit in 2016

96% Quality rate at Novacel SA (CPF)

FOCUS ON INNOVATION

Safety, a constant concern

Because, when it comes to managing a plant, employee safety is just as important as product quality, Chargeurs follows a zero-tolerance policy in the workplace.

In line with the high standards set by the Group, in 2016 all the plants reviewed their safety processes and took a fresh look at their indicators, to ensure that they had the information needed to anticipate possible breaches. Random audits supported the process, which will be extended in 2017 at all levels and in all countries, following the risk-mapping exercise undertaken in 2016.

* *Quality Rate: ratio between the number of compliant parts and the number of parts produced.*

1.6.4.4. Green innovation

Reducing our environmental impact: Our innovation process extends to our manufacturing methods, in order to offer increasingly green products.

Protecting the environment is an important challenge for our plants and is a key factor in our drive to continuously improve our industrial and distribution processes.

After installing a new solvent recovery unit at its historical plant in Déville-lès-Rouen, in north-western France, in 2015, Chargeurs Protective Films is now investing in a second unit that will notably lead to a reduction in its VOC* emissions. Chargeurs Fashion Technologies is working to steadily increase the number of Oeko-Tex® Class 1 products (certified as being safe for babies and toddlers up to three years of age). Of the division's 20 best-selling products, 13 are Oeko-Tex® Class 1-certified, a certification rate that illustrates our commitment not only to manufacturing eco-responsible products but also to employing cleaner manufacturing processes using fewer chemicals.

Chargeurs Luxury Materials has placed traceability at the center of its *business model* by creating partnerships based on trust with certified producers. The division offers the world's leading brands merino wool sourced from all producer countries – New Zealand, Australia, Uruguay, Argentina, South Africa and North America – with full "from the sheep to the shop" traceability.

By embedding traceability in the supply chain model, Chargeurs Luxury Materials deploys an optimized and innovative global business model, supplying the finest wool grades while guaranteeing the sheep's welfare and protecting their ecosystem. In line with this model, all of its partner combing mills are in the process of obtaining Responsible Wool Standard (RWS) certification guaranteeing that wool from certified farms is correctly identified and traced in the partner combing mills. The green innovation approach is constantly being improved by our subsidiaries and partners.

The Chargeurs Technical Substrates eco-design approach

Innovation is central to Chargeurs Technical Substrates' business and is led by a very active R&D center. The division takes the lead in exploring new trends and technical innovations, and in 2010 was one of the first companies to join the Alsace-based fiber unit's CIM-ECO program to acquire and develop eco-design skills. Over the years, participation in this program has stimulated research, leading to practical results and high impact complementary activities.

This innovative approach is being deployed as part of a formal eco-design management system based on a recognized standard: the AFAQ-Eco-design guidelines.

Application of these guidelines helps companies to maintain a process of continuous improvement in the environmental performance of their products.
An independent audit is performed every 18 months by the certifying body to ensure that the guidelines are properly applied. The results of the audit are then used as the basis for **fair and objective communication** on the audited entity's environmental performance. Following the most recent audit performed by AFAQ-AFNOR in 2015, **Chargeurs Technical Substrates was awarded AFAQ Eco-design "Confirmed" certification** (corresponding to the third level out of four). One important result of applying these guidelines is that Chargeurs Technical Substrates has been able to abandon the use of solvents.

-15% is the decrease in the total weight of waste generated in tonnes at LPBC (CFT)

0% is the quantity of solvents in Chargeurs Technical Substrates products

FOCUS ON INNOVATION

A new Chargeurs Fashion Technologies plant in an Ethiopian eco-park.

Ethiopia has just finished building a vast industrial park, representing a US$ 246 million investment. The Hawassa industrial park, located in the town of the same name, is the largest of its kind in Ethiopia. Powered by renewable electricity sources, it is the country's first major eco-friendly development. The park will provide jobs for more than 50,000 Ethiopians.

It will meet the highest environmental standards and will employ Zero Liquid Discharge (ZLD) technology.

* VOC: Volatile Organic Compounds.

2

RISK MANAGEMENT AND INTERNAL CONTROL

2.1. RISK FACTORS

The Group has put in place a risk map, which it regularly updates, in order to identify the risks that could have a material adverse effect on its business, financial position, results of operations and/or ability to achieve its objectives. As far as the Group is aware, it is not exposed to any material risks other than those described below.

However, risks and uncertainties of which the Group is currently unaware or which are not currently material may, in the future, adversely affect its business, financial position, results of operations and/or outlook.

2.1.1. OPERATIONAL RISKS

Economic risks

Chargeurs' global footprint represents a natural partial hedge against regional economic risks.

The Group has operations primarily in Europe, the United States and Asia, and its business is therefore sensitive to changes in economic conditions in these regions.

Although it endeavors to anticipate and offset the impact of an economic slowdown in any of its host countries, there is no guarantee that the Group will always be able to adapt quickly enough. Its global footprint, with operations in four business lines with diversified geographic and end-customer profiles, nevertheless helps to attenuate the risk.

Emerging market risks

Although the Group's businesses are conducted primarily in Europe and the United States, it also has operations in emerging markets in Asia, South America and Africa. Operations in these countries give rise to a certain number of risks that are different from those arising in more developed economies, including greater exchange rate, interest rate and GDP volatility, relatively unstable government, collection difficulties, significant regulatory changes (tax rules, exchange controls, etc.) or erratic application of existing regulations.

In order to anticipate and more effectively ward against measures that could have an adverse effect on its businesses, the Group seeks advice from local managers who understand the specific features of their respective countries.

As the Group's operations in emerging markets are spread across several countries and continents, the occurrence of unfavorable events or circumstances in any one of these countries should have only a limited adverse effect on its financial position, results and outlook.

Technology risks

A key feature of the Group's protective film, interlining and technical fabric markets is the rapid pace of technological change. For this reason, the development of new technologies is an important driver of business growth.

Each business must be capable of acquiring and continuously upgrading its technical and technological expertise.

For a number of years, research and development in both products and processes has been a priority and a critical success factor for the Group.

Competition risks

The Group operates in highly competitive markets and the pressure may further increase in the future.

Competitors – particularly those operating in low-cost economies – may adopt aggressive pricing strategies, diversify their product offer, enter into long-term strategic or contractual relationships with current or prospective customers in the Group's markets or expand or acquire companies or assets that represent potential targets for the Group.

In order to manage this risk effectively, the business lines focus on strict cost control, offering customers the best possible service and meeting high standards of product quality, technical content and innovation. They have also developed systems to monitor developments affecting their customers and competitors.

Customer dependence risks

The Group has a broad customer base spread throughout the world. In 2016, its top ten customers accounted for 13.3% of consolidated revenue.

This diversification attenuates the potential impact of customer default or a change in customer behavior.

Supplier and partner dependence risks

Thanks to its diversified business base, the Group was not exposed to any particular risk of dependence on suppliers in 2016. However, some Group companies may deal with a limited number of suppliers for some of their activities.

When a company deals with a single supplier for a significant proportion of its purchases, a master agreement is signed to avoid the risk of deliveries being interrupted and to establish a long-term relationship with the supplier concerned.

In several mainly emerging markets, the Group operates through a local partner that manufactures part of its local product offer, seeks out new customers and manages relations with the local authorities. These partnerships enable us to benefit from the support of experienced teams with deep local roots.

When the partnerships take the form of joint ventures, the Group may not exercise legal or de facto control over the joint venture's operating and financial policies. To reduce the unfavorable impact of a possible dispute with a partner, a long-term agreement is signed dealing with matters such as dispute resolution.

Information systems failure risk

The business lines are increasingly dependent on IT infrastructure and applications to manage their various business processes, including purchasing, product distribution, billing, reporting and consolidation.

A single reporting and consolidation application has been deployed that is used by all entities. Apart from this system, each business line has its own IT infrastructure and applications operated under its direct responsibility.

Causes of system failures or downtime may be external (viruses, hacking, power outage, network failure, etc.) or internal (malicious damage, data security breaches, etc.).

To minimize the impact of system failures, the Group has put in place a cyber threat prevention policy and continuously adapts its protection devices for its information systems. Data are protected by implementing automatic and regular back-up processes at several sites and/or using secure external data centers, and by applying strict security rules (penetration tests, firewalls, etc.).

2.1.2. ENVIRONMENTAL AND INDUSTRIAL RISKS

Environmental risks

The Group's production facilities may be responsible for environmental disamenities or damage or be the source of injuries or an industrial accident, such as a fire at a plant. There is no guarantee that these facilities will not be a source of pollution, disamenities, environmental damage or injury. In addition, acts of violence, vandalism, sabotage or terrorism committed on the premises of production facilities could have similar consequences.

Group policy has always been to maintain the highest level of protection of its production facilities against natural hazards, technological risks and environmental risks.

The Group's businesses are subject to various, regularly revised environmental regulations in their host countries, requiring them to apply increasingly strict environmental standards and workplace health and safety standards. They are therefore exposed to a regulatory compliance risk. The Group's environmental policy, performance and certifications are described in Chapter 3, section 3.3 of this Registration Document, "Environmental Information".

Industrial risks

The Group's production facilities are exposed to industrial risks resulting from their operations, such as fire, explosion and/or machine breakdown risks. The Group pays close attention to properly managing its production facilities. However, there is no guarantee that it will not experience any unplanned production stoppages, due for example to human error, power outage, interruptions in the supply of essential raw materials (such as polyethylene or wool), malicious or other damage, natural disasters or cases of force majeure.

To minimize the impact of these risks, the Group has deployed a risk management system combining an appropriate insurance program covering property damage, personal injury, business interruption and liability risks, and control processes and procedures to limit the potential consequences (such as sprinkler systems and containment ponds).

2.1.3. FINANCIAL RISKS

Financial risks, such as market, currency, interest rate, commodity, credit and liquidity risks, are described in notes 17 and 21 to the 2016 consolidated financial statements. In 2016, the Company carried out a specific review of its liquidity risk, based on which it considers that it is in a position to meet its upcoming repayment obligations.

Euro private placement (Euro PP) issues and certain credit facilities are subject to bank covenants that must be respected on an annual basis. The bank covenants were respected on December 31, 2016. The ratios are described in note 17 to the 2016 consolidated financial statements and note 15 to the consolidated financial statements for the first half of 2017.

In accordance with paragraph 6 of article L. 225-37 of the French Commercial Code, the Group has not identified any risk exposure related to the effects of climate change.

Control procedures sized to address the challenges of each process

The main management processes have been analyzed in order to document and map financial statement risks, the related potential financial impact and the internal controls in place to contain them.

As part of this exercise, each business line has identified the three or four most sensitive processes and reviewed the highest risk transactions within each one. The procedures in place to manage and control these transactions have also been duly identified.

These analyses serve to prioritize future action plans, representing the starting point for the Group's drive to strengthen control over its processes.

2.1.4. LEGAL RISKS

In the normal course of business, Group companies may be involved in a number of legal, administrative or arbitration proceedings (see note 20.5 to the consolidated financial statements for the first half of 2017).

Several such proceedings are currently in progress, in France and abroad. These proceedings are overseen by the Group Legal Department, assisted by local legal advisors specialized in the matter concerned.

For each known dispute, the associated risks are assessed at each period-end after obtaining legal advice, and a provision is set aside to cover the estimated exposure, if considered necessary.

Although the outcome of the proceedings currently in progress is not known, the Group believes that they will not have any material adverse effect on its financial position.

To the best of the Company's knowledge, there are no governmental, legal or arbitration proceedings (including any pending or threatened proceedings which are pending or threatened) that may have, or have had in the last twelve months, significant effects on the financial position or profitability of the Company or the Group.

Intellectual property risks

Intellectual property rights play an important role in protecting the Group's assets and value creation process.

The Group believes that it is essential to innovate and to develop proprietary products and processes. Protection of the underlying intellectual property rights is often a key factor enabling the Group to use its innovations to create value.

To obtain and guarantee this protection, the Group has built up a portfolio of registered patents, brands and models, and it also uses various confidentiality agreements, copyright agreements, registered trade secrets and other measures to protect its rights.

Tax risks

Group policy is to comply with local tax laws and regulations in each of its host countries and also with international tax laws and regulations. Certain laws or regulations may nonetheless represent a source of risks, because they are ambiguous or give rise to differing interpretations by tax lawyers and/or the local tax authorities.

In order to effectively anticipate changes in tax laws and regulations based on available information, the Group uses the services of tax advisors throughout the world.

In addition, Group companies may be audited by their local tax authorities in the normal course of business.

Ethical risks

The Group pays close attention to observing the highest ethical standards.

There is no guarantee that these standards will not be breached by individual employees acting independently from their co-workers.

In this case, any victims of the breach could bring liability claims against Group employees, executives or companies.

To effectively manage these risks based on the information available, the Group monitors legal and regulatory changes in this area. As mentioned above, the Company has taken the necessary steps to compliance with France's "Sapin 2" Act and has appointed a Group Chief Compliance Officer.

Since 2013, Group managers have been required to give a signed commitment to apply fair and honest business practices. This commitment will be updated as part of the compliance programs described above.

2.2. INSURANCE

2.2.1. INSURANCE STRATEGY

In order to effectively protect its people, assets and revenues, Chargeurs has put in place a Group-wide insurance strategy and is covered by global insurance programs for its main risks related to bodily injury, property damage and consequential business interruption as well as third-party liability concerning its operations and the products it sells.

These programs are underwritten by leading insurers and are managed by the Group's holding company in coordination with the Insurance Manager of each business and insurance officers within the subsidiaries.

The overriding aim of the Group's insurance strategy is to optimally manage its risks by putting in place consistent and complementary coverage for all of its subsidiaries in each business. It enables the Group to have a good understanding of its insurable risks and overall coverage while continuously optimizing the total cost of these risks. If an entity takes out a local policy that does not form part of the master program – notably for cost-efficiency reasons – the entity concerned is required to inform the Group of the policy content and coverage conditions so that the Group can continue to have a comprehensive view of the coverage in place and ensure that it is adequate in relation to the identified risks.

The Group makes sure that all newly-acquired companies are included in its insurance programs so that their coverage is appropriate and in line with the Group's insurance strategy.

2.2.2. INFORMATION ABOUT THE MAIN INSURANCE PROGRAMS

The information below is given as at the date of this Registration Document and may change depending on market conditions and other circumstances. It only concerns the Group's main insurance programs and is therefore not exhaustive.

Chargeurs has set up several global insurance programs covering all of its subsidiaries. Local policies are also taken out alongside the "master" group policy whenever required in order to comply with the regulations of a particular country. In such cases, the master policy can be triggered if the local policy does not provide sufficient coverage.

- Third-party liability: this program covers Group subsidiaries for the financial consequences of any third-party liability that could arise in connection with their activities concerning bodily injury or property damage caused to a third party.
- Property damage and business interruption: for Chargeurs Protective Films this program covers any accidental property damage (on an all-risks with specific exclusions basis) as well as the costs of any business interruption caused by such damage.

The coverage levels and exclusions of the above policies are in line with standard market practices and their excess loss amounts are proportionate to the size of the site or subsidiary concerned. Chargeurs considers that its insurance coverage is sufficient for the typical risks of its business operations.

Other insurance policies have also been entered into by the Group, notably for the vehicle fleet, transport and bodily injury.

During the second half of 2017, Chargeurs increased the amount of insurance cover for employee travel.

2.3. INTERNAL CONTROL PROCEDURES

2.3.1. DESCRIPTION OF INTERNAL CONTROL PROCEDURES

Definition and objectives of internal control

Internal control is a system that the Company defines and implements under its own responsibility to provide reasonable assurance concerning:

- compliance with laws and regulations;
- implementation of the instructions and guidelines set by senior management or the Board of Directors;
- efficient operation of the Company's internal, operational, industrial, commercial and financial processes, particularly those contributing to the safeguarding of its assets;
- reliability of financial reporting.

More generally, internal control contributes to the oversight of the Company's businesses, the effectiveness of its operations and the efficient use of its resources.

By helping to anticipate and manage the Company's risks, internal control plays a key role in conducting and overseeing its various business operations. It cannot, however, provide an absolute guarantee that all risks have been eliminated.

Scope of internal control

The Group is organized around a lean head office that oversees four business lines:

- Chargeurs Protective Films.
- Chargeurs Fashion Technologies.
- Chargeurs Technical Substrates.
- Chargeurs Luxury Materials.

Components of internal control

An efficient organization

Chargeurs is organized around decentralized operating structures and efficient information systems that provide the corporate teams with (i) high-quality financial information; (ii) a detailed understanding of how the businesses work and how they generate earnings and cash; and (iii) the ability to swiftly identify risks.

The Group is engaged in several very different businesses and has operations around the world. To take into account this diversity, organizational measures have been put into place to manage the risks that could have a material adverse effect on earnings, assets and commitments.

The cornerstones of the system are:

- empowerment and accountability: the Chairmen and Chief Executive Officers of the subsidiaries have full responsibility for managing their units;
- short lines of communication;
- regular reporting on strategic issues;
- group insurance programs covering all insurable risks;
- an Insurance Manager for each business line and at corporate level;
- Corporate Social Responsibility (CSR) teams at both corporate level and in each business line.

An information system focused on accountability

All Group companies produce monthly management reporting packages using the same information system and the same accounting standards (IFRS).

The Chargeurs' information system is based on the monthly income statements and key balance sheet indicators reported by each of our consolidated companies (56 companies at December 31, 2016).

Each subsidiary's Chief Executive Officer and Finance Director produce written comments on their monthly results, presented in a standard format.

These results, together with the updated annual forecasts reflecting the impact of any significant new developments, are reviewed during monthly meetings between the Chairman and Chief Executive Officer and the Chief Executive Officers of the business lines.

A system to map, analyze and address the main identifiable risks

The Executive Committee pinpoints mission-critical issues and designates the most appropriate manager for each one, regardless of his/her position relative to other managers. A specific reporting system is in place so that the Chairman and Chief Executive Officer is informed directly, at regular intervals, of the status of these managers' work. The quality of their status reports is one of the areas covered during their annual performance review.

The issues dealt with generally concern events that could have a material adverse effect on the Group's financial results and its various risk exposures.

The Group uses outside consulting firms specialized in economic forecasting to help evaluate macro-economic risks specific to each of its host countries. These firms periodically present specific risk analyses to the Executive Committee when requested by one of Chargeurs' businesses.

From time to time, Chargeurs uses the services of specialized firms to either perform key analyses or temporarily support operational teams when critical projects are being implemented.

Several projects were launched in 2016 as part of the Group's continuous improvement approach to enhancing the quality of its internal control and risk management procedures.

In view of these projects and in order to partner the growth trajectories of the Group's various businesses, the holding company's teams were expanded during the year. This particularly involved setting up a new internal consulting team comprising three people with diverse profiles, which is dedicated to helping each business line with their key projects.

Also during 2016, the Group commissioned a law firm to update its legal risks map. The work underway on this update is being closely monitored by the Company and the Audit Committee, which gave a status report to the Board of Directors in mid-2017.

The overriding aims of the project -- which was launched in early 2016 -- are to identify, analyze and assess the legal risks to which the Group is or could be exposed to in relation to its operations. The findings of the work carried out – which were presented to the Audit Committee and the Board of Directors on June 2, 2017 – did not identify any material risks other than those described in this section of the Registration Document. Even before the work was completed, the Company started to put in place corrective measures to manage or reduce the identified risks. In addition, a tighter risk control and management system has been put in place, notably by designating "risk bearers" at the level of both the holding company and the various business lines.

The same law firm is also assisting the Company with setting up the compliance programs provided for in French Act 2016-1691 dated December 9, 2016 related to transparency, anticorruption measures and the modernization of the economy (the "Sapin 2" Act). In connection with this, Joëlle Fabre-Hoffmeister, the Group Secretary General, has also been appointed Chief Compliance Officer. In this role, her main responsibility is to ensure that the Group's rules of professional ethics and conduct are respected. In addition, the Company has set up a new ethics and conduct system with two cornerstones:

- The drafting of a code of conduct formally setting out the Group's values and principles as well as the new preventive and repressive measures put in place, notably including a whistle-blower process.
- The creation of an Ethics Committee.

The ethics and conduct system is described in Chapter 4, section 4.6 of this Registration Document.

Chargeurs' subsidiaries use CSR reporting guidelines that were drawn up in 2013, which (i) set out the Group's CSR commitments, (ii) list the CSR indicators used for operations, and (iii) describe the CSR reporting processes in place within the Group. In 2016, the Group further strengthened its commitment to CSR, incorporating it into its continuous improvement process, and making it one of the pillars for successfully growing its business. The actions undertaken so far in this area, and the progress achieved to date, are described in Chapter 3 of this Registration Document.

The Executive Committee plays a central role in the risk management process. The membership structure of the Executive Committee is provided in Chapter 4, section 4.4.1 of this Registration Document.

3 CORPORATE SOCIAL RESPONSIBILITY

3.1. ETHICS AND COMPLIANCE

2016 was a landmark year for Chargeurs. Changes in its core shareholder base and governance system in late 2015 prompted the definition of a wider range of priorities and a much deeper engagement in the CSR process.

As a manufacturing group, Chargeurs has always sought to ensure that its businesses uphold strict CSR standards, as seen in the examples described in previous reports, particularly as regards environment stewardship around our manufacturing plants.

These standards have now been embedded in a reaffirmed vision that is shaping our governance principles, with a particular concern for the consistency that underpins a long-term commitment.

In the summer of 2016, Chargeurs took advantage of the change in governance to revitalize a Values program, with the goal of combining the Group's longstanding strengths with the new energy and ambition being instilled across the organization. During this phase, several factors demanding a deeper analysis of our corporate social responsibility emerged.

After reviewing the values expressed in 2015, the Group decided to refocus them on four key notions:

- **Reliability**, reflecting each individual's commitment to operational quality and excellence that will allow them to fully master the value chain.
- **Passion**, or the expression of each team's engagement in niche market segments, driven by the aim of constantly delivering innovative solutions to the specific and complex needs of our customers.
- **Commitment** to the Group's founding values: ethics, cultural diversity and the development of human capital.
- **Courage** and ambition to support a culture of strong innovation and the continuous improvement of our manufacturing capacities.

These values form the basis for our shared standards, instilled in every employee through a wide range of internal processes, such as people reviews, the definition of operational plans and the headquarters teams... More specifically, every executive is expected to embrace these standards in order to contribute to the Group's mission:

To manufacture outstanding, innovative, reliable and bespoke niche products and services that enhance the performance and success of our clients.

Our corporate social responsibility process, presented here, is intended to reflect the momentum now underway. In line with the Values program, priority objectives have been defined in consultation with the main managers of the business divisions. They are structured around two factors that express the traditional concerns of the CSR process:

- **customer satisfaction,**
- **human development.**

In this way, the actions being undertaken by our business units in the field and on behalf of the Group are taking on new meaning and significance.

Client satisfaction includes all of the factors that contribute to cementing lasting, high-quality relationships with our customers, focused on innovation, the development of partnerships, the preservation of the environment (product traceability, outstanding on-site process waste treatment, etc.), and, more generally, all of the factors likely to add value to the products and services delivered to customers.

Human development includes our commitment to the development and renewal of employee skills and expertise, the implementation of career paths and succession plans, the mentoring of employees and promising talents and the quality of social dialogue, but also gender equality and employee safety in offices, in production plants or when traveling.

To take into account the employee and environmental impact of its operations, and its engagement with every host community around the world, the **Chargeurs social responsibility process is aligned with the commitments expressed in France's Grenelle II legislation and the Paris Agreement**.

Because we believe that growth and competitiveness go hand in hand with quality, we are shrinking our environmental footprint while also maximizing the value we create for our customers, employees, shareholders and other stakeholders.

In conducting our business in more than 34 countries, we are committed to complying with the highest standards of ethics and integrity, to secure the trust of our customers and partners.

The Group's CSR standards and guidelines have been compiled in a manual and distributed to every subsidiary. Compliance is supported by a CSR Reporting Guide, whose procedures are based on French decree no. 2012-557 dated April 24, 2012.

These internal documents help to guide outside organizations in reviewing our performance in the various CSR indicators. Persons wishing to consult the documents may contact the Corporate Communications department. The Reporting Guide is updated every year to reflect the latest reporting requirements and CSR indicators.

PricewaterhouseCoopers Audit has been commissioned to serve as the independent third party tasked with reviewing the CSR data in this report.

CSR REPORTING METHODOLOGY

The following methodology describes the parameters used to measure the indicators deemed to be the most applicable to our approach. It clearly defines each one and, when appropriate, its calculation method.

- **Employee relations indicators** are based on consolidated Group-level data covering number of employees, compensation, employee relations, employee health, training and equal opportunity. These data are reported by all of the consolidated subsidiaries.
- **Environmental indicators** reflect data reported by all of the consolidated production units for their organization, particularly regarding certification processes and the sustainable use of resources. To support an extremely detailed analysis, waste management data and volatile organic compound (VOC) emissions and greenhouse gas (GHG) emissions data are reported only by the largest production units.
- **Social responsibility indicators** concern the Group and, for some data, only France.

The following issues are not addressed in this report because management feels that they do not have a material impact on our operations:

1) noise pollution;
2) land use;
3) measures to safeguard biodiversity;
4) regional and local impact of the company's operations;
5) philanthropic initiatives;
6) measures to fight against food waste;
7) measures to adapt to climate change.

To drive continuous improvement in our CSR performance, the validity of each issue and the exclusions are reviewed every year.

LIMITATIONS OF SCOPE

As indicated above, data for certain employee relations indicators, such as absenteeism, hirings and terminations, are reported only by the operations in France. Given its decentralized organization, Chargeurs feels that in other countries, these data should be managed by the local units, in compliance with local legislation and rules.

In the case of environmental data, the creation of a new subsidiary in the Charges Protective Films business made it possible to broaden the 2016 scope of reporting, attesting to the Group's commitment to raising the visibility of its performance across the global business base.

In addition, each business unit strove to reduce disparities in calculation methods or tracking procedures in certain countries, where standards are not as strict and treatment channels are not as organized as in France.

3.2. EMPLOYEE INFORMATION

All of the men and women who help to drive Chargeurs' growth and performance make up its human capital. Human capital issues include guaranteeing employee safety in the workplace, supporting employee skills development, encouraging diversity and dialogue, and making jobs exciting and appealing for both new talent and current employees.

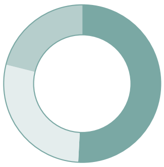
WORKFORCE

The Group had a total of 1,506 employees at December 31, 2016, virtually unchanged from the previous year-end due to the combined impact of several factors. In particular, a US plastic film production unit was consolidated as from July 2016, adding a total of 81 employees.

At the same time, a certain number of jobs were lost at Chargeurs Fashion Technologies after its units in China restructured to improve their ability to serve Asian markets and strengthen their supply chain. As a result, the total number of Group employees remained substantially the same as in 2015.

Group-wide, Europe accounted for 51% of the total workforce at year-end, with Asia, Africa and the Pacific region representing 28% and the Americas 21%.

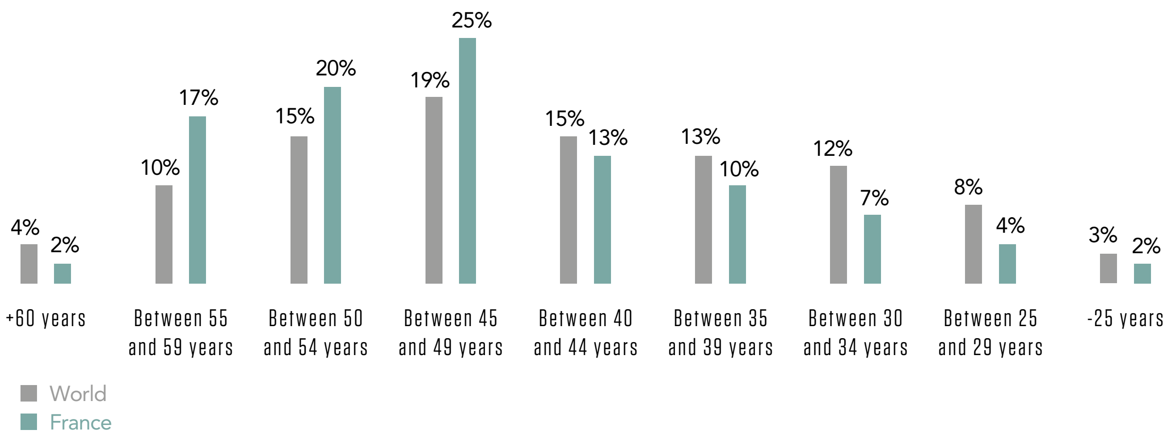
WORKFORCE BY REGION



Temporary staff represented 2.6% of total employees, compared with 2.8% in 2015. They are generally taken on in response to production peaks.

In terms of the regional, economic and employment impact of our operations, we are committed to preserving jobs in our host communities. As regards employment and regional development, we are helping to maintain a balance of supply and demand in these labor markets, particularly in France where three production units are located. Because it hires locally, Chargeurs is recognized in its host countries as a source of local economic development.

AGE PYRAMID WORLD *VS* FRANCE



The age pyramid for the global workforce is being presented for the first time.

The age pyramid in France remained unchanged over the year, with employees under 40 still accounting for 23% of the workforce. The largest demographic remains the 45-49 group, at 25% of French employees, while people over 50 represented 39%.

In 2016, the French units reported 60 hirings and 41 separations, for a net increase of 19 people.

The realization that French employees tend to be older than the workforce in the rest of the world prompted the business divisions to organize joint discussions in 2016.

To attenuate this trend, bring in new talent and prepare for the Group's future with updated expertise, a number of hirings were carried out during the year or scheduled for 2017.

WORKING HOURS

Chargeurs ensures that operating units comply with working hours legislation in every host country, while continuously seeking to align workforce management with its needs.

Absenteeism (excluding maternity leave, vacation and unpaid leave)

Total absenteeism in the French units stood at 10 days per person, which is two days less than in 2015.

In 2016, the Group began a risk mapping process.

It is committed to complying with ILO conventions and has drafted a code of conduct which was relayed to all of its teams during 2017.

EQUAL OPPORTUNITY

Of the total 2016 workforce, 26.5% were women, down slightly from 27.6% the year before.

In the business divisions, the ratio was 16% at Chargeurs Protective Films, 44% at Chargeurs Technical Substrates, 32% at Chargeurs Fashion Technologies and 35% at Chargeurs Luxury Materials. Women also accounted for 50% of holding company employees, as well as for 23% of managers worldwide and 40% of the Chargeurs Board of Directors.

The array of nationalities among our managers across the globe reflects the cultural diversity of Chargeurs' teams. Given its focus on self-managing operating units, the Group is highly committed to preserving and enhancing this diversity of talents and cultures to drive innovation and keep its businesses competitive.

Because local managers are hired whenever possible, the number of expatriates is extremely low.

Several people joined our teams in 2016. In particular, the 81 employees of Main Tape, which became part of Chargeurs Protective Films during the year, increased the percentage of US-based employees.

Every employee is well aware that it is in everyone's interest to expand the Group's international footprint, which has been part of its DNA from the beginning. In recent months, the business divisions have engaged in joint discussions to promote initiatives that will improve cross-business communication, to create events to encourage the sharing of best practices and to pool tools and information. In the months ahead, these projects are expected to lead to a number of cross-business initiatives, which will be described in the 2017 report.

Disabled employees still accounted for nearly 6% of the workforce in the three French subsidiaries. This was close to the quota mandated under local legislation and far exceeded the actual average of 3.1% of French private sector jobs in 2012 (source: Agefiph Report published in May 2015).

HEALTH AND SAFETY

The health and safety of our employees and subcontractors are an absolute priority across the organization.

In 2016, the Group began to map its risks, starting with the safety aspects.

Already in 2015, all of the plant managers signed the Chargeurs Safety Charter, which demands constant vigilance at every stage of operations, proactive behavior, strict compliance with regulations and standards, and the deployment of multi-year action plans. This process is designed to i) identify and share best practices in such areas as encouraging employee engagement, improving support in understanding the risks at each workstation, managing subcontractor safety and ensuring a safe and secure working environment; and ii) drive continuous improvement while attenuating risks.

The health and safety data concern all of the production units.

In 2016, the lost-time frequency rate stood at 10, compared with 18 in 2015, while the severity rate also declined, to 0.5 from 0.6 in 2015.

These improvements clearly reflect the heightened employee awareness of prevention measures in every production plant.

The severity rate is calculated in line with French practices, based on calendar days of lost-time.

At Chargeurs Protective Films, the frequency rate was 20.8, compared with the French chemical/rubber/plastic industry[1] average of 17.4, while the severity rate was 0.7, which is lower than the industry average of 1.0.

The division's Italian production facilities and marketing unit have both earned OHSAS 18001 certification, which defines an occupational health and safety management system designed to drive continuous improvement across all these operations.

At Chargeurs Technical Substrates, the frequency rate was 8.2, compared with the French chemical/rubber/plastic industry[1] average of 17.4, while the severity rate was 0.1, which is much lower than the industry average of 1.0.

In the textile businesses, the average worldwide frequency rate stood at 20.8, compared with 19.3 for the textile industry in France[1], where safety regulations are often stricter than in other countries. The severity rate was 0.5, compared with the industry average of 1.7.

Occupational illnesses

No one in the Group was reported to be suffering from an occupational illness in 2016.

Safety agreement signed

In China, a Chargeurs Fashion Technologies production unit renewed its dedicated health and safety agreement.

TRAINING

The diversity of the Group's businesses makes it complicated to define shared priorities for technical training. Subsidiaries allocate significant funds to training, in particular to maintain the capabilities needed for the efficient, safe operation of the production facilities.

The Group's production units also favor apprenticeships in training new employees in their business' specific skills, particularly in France. Because our units operate in businesses that demand extremely advanced expertise, some of which is now being lost, a number of in-house skills transfer programs have been developed.

In 2015, the Chargeurs Fashion Technologies plant in Buire-Courcelles, France introduced a skills and expertise curriculum for each of its production units (warping, knitting, finishing, dyeing, coating, inspection and quality control), which enabled seasoned, highly skilled employees to attend two modules:

- Preserving Expertise;
- Transferring Expertise.

These modules helped to identify and showcase the skills and capabilities available in each unit.

(1) *Source:* http://www.risquesprofessionnels.ameli.fr.

In 2016, the plant hired three operators who completed the curriculum. Two employees also participated as part of their skills development training.

Over the past eight years, the plant has also rolled out programs that enable employees to earn inter-industry skills qualification certificates (CQPI), which promote acquired expertise, offer employees a skills certificate recognized in a number of industries in France, and improve their employability. Employees can earn three types of CQPI certification:

- Industrial equipment operator
- Quality operator
- Logistics agent

To date, 50 employees have been trained and a total of 67 CQPIs awarded (employees can earn multiple certifications). 55% of production operators have been awarded one CQPI, and 17 employees have earned two CQPIs.

Enhancing the diversity of skills and talent in the Group, and enabling employees to grow by adapting themselves to increasingly fast-changing working environments, is a constant concern.

That is why all employees participate in an assessment review twice a year to identify each one's needs and define personalized career development objectives. Based on the review, an action plan is then used to prioritize the skills that need improvement and determine a training schedule.

In all, 58% of the workforce attended a training course in 2016, compared to 62% in 2015, while the average amount of training dropped to 11 hours per trainee.

In fact, 2016 was a year of transition, during which organizational adjustments, acquisitions and transfers sometimes prevented scheduled courses from being held. On the other hand, all the guidelines have been defined to support deployment of these projects beginning in 2017.

Chargeurs is actively developing its human capital through training programs and assignments in its various corporate services, operating units or regions. This process is led by the unit chief executives, in line with our decentralized management structure. While supporting the development of our organization, the programs are aligned as closely as possible with local and regional needs. **Quality, safety and environmental training** accounted for **69%** of total Group-wide training hours in 2016.

In addition to these programs, a variety of cross-functional training courses are being prepared.

EMPLOYEE RELATIONS

While respecting its decentralized organization, Chargeurs remains committed to promoting social dialogue, especially with employee representatives. Representative bodies have been elected in 13 subsidiaries, including the three main Chargeurs Protective Films units, the Chargeurs Technical Substrates' production unit and the Chargeurs Fashion Technologies units with more than 50 employees worldwide. In France, the proportion of union representatives has held steady for many years, and stood virtually unchanged at 5% in 2016.

Moreover, in Europe, the Group Works Council in France is helping to promote the exchange of views between the Executive Committee and employee representatives.

At the Council's meeting on May 26, 2016, local elected officials met with Group executives for a frank and open exchange of views. A presentation of the Group's development strategy by the Chairman and Chief Executive Officer and the heads of the business units gave the officials a better understanding of the changes that occurred in late 2015 and reassured them as to the sustainability and continued expansion of the Group's business activities.

OUTCOMES OF CORPORATE AGREEMENTS

In compliance with local labor legislation, the French units conducted negotiations on the annual pay round during the year.

In addition, Lainière de Picardie Buire-Courcelles renegotiated an agreement on working hours. Outside France, several subsidiaries have signed agreements on the organization of working hours and/or compensation, depending on the country. In all, **nine** agreements were signed in Group units during the year.

COMPENSATION

Chargeurs' commitment to decentralization also applies to the management of human resources and compensation, in compliance with local legislation. In this way, each subsidiary is responsible for setting employee compensation, either through annual pay rounds or through annual people reviews, supervised by headquarters in the case of managers.

In several subsidiaries, compensation levels are set by internal agreements. Measures are in place to ensure that wages and salaries are determined without any form of discrimination throughout the working relationship with employees.

A significant proportion of managers receive performance-related bonuses, in line with our value creation strategy and the objectives defined for the year.

Compensation for corporate officers is presented in Chapter 4, section 4.5 of this Registration Document.

The information below has been prepared based on the recommendations in the Corporate Governance Code for Small- and Mid-caps published by MiddleNext in December 2009.

HUMAN RESOURCES INDICATORS

Employees	Definition	Measurement unit	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
Total employees	Employees on payroll at December 31	Employees under permanent and fixed-term contracts	1,566	1,512	1,506
Use of temporary staff	Temporary staff	% of total employees under permanent and fixed-term contracts	1.8%	2.8%	2.6%
Employees by business	Group employees by business	Headquarters	13	15	18
		Protective Films	532	542	632
		Fashion Technologies	920	857	754
		Technical Substrates	80	76	79
		Luxury Materials	21	22	23
Employees by region	Group employees	France	523	517	536
		Rest of Europe	243	246	234
		Asia (including Africa/Oceania)	528	498	423
		Americas	272	251	313
	Chargeurs Protective Films	Europe	79%	79%	69%
		Asia (including Africa/Oceania)	6%	6%	5%
		Americas	15%	15%	26%
	Chargeurs Fashion Technologies	Europe	27%	27%	32%
		Asia (including Africa/Oceania)	54%	54%	50%
		Americas	19%	19%	18%
	Chargeurs Technical Substrates	Europe	100%	100%	100%
		Asia (including Africa/Oceania)	0%	0%	0%
		Americas	0%	0%	0%
	Chargeurs Luxury Materials	Europe	38%	41%	39%
		Asia (including Africa/Oceania)	19%	18%	22%
		Americas	43%	41%	39%
Gender parity	Group employees	Number of men	1,122	1,094	1,107
		Number of women	444	418	399
		Percentage of women	28.4%	27.6%	26.5%

Training	Definition	Measurement unit	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
Numbers of persons trained	Employees who attended at least one training course	% of total employees	55%	62%	58%
Training hours	Time spent in training by employees who attended at least one training course	Average training hours per person	12 hours	16 hours	11 hours

Safety	Definition	Measurement unit	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
Accidents	Frequency rate: number of occupational accidents per million hours worked	Occupational accidents resulting in at least one day of lost time	15.6	18.0	10.2
Absenteeism due to occupational accidents, excluding commuting	Severity rate: number of days' absence per thousand hours worked	Days lost due to an occupational accident	0.6	0.6	0.5

Compensation	Definition	Scope	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
Payroll costs	Annual payroll costs recorded in the accounts *(in euro millions)*	Employees of fully consolidated companies worldwide	70.5	76.7	77.8

3.3. ENVIRONMENTAL REPORT

At end-2016, the Chargeurs Group was comprised of 56 head offices, sales offices and production units around the world. To attenuate their environmental impact, an environmental management system based on the ISO 14001 standard has been deployed, with a set of metrics designed to drive reductions in water, gas and electricity. The main production facilities operated by the Chargeurs Protective Films and Chargeurs Luxury Materials businesses have been ISO 14001 certified.

Measures to prevent, reduce or remediate releases into the air, water or the soil that could seriously damage the environment are tracked subsidiary by subsidiary with the goal of complying with local legislation.

These raw data are then used to calculate indicator performance for the year. Most of the data reported below are expressed on a unit-of-production basis, e.g. millions of square meters (Mm^2) of film for the Protective Films business, square kilometers (km^2) of product for the Technical Substrates business, and millions of square meters (Mm^2) of product for the Fashion Technologies business.

The data and/or indicators reported by the subsidiaries may sometimes lack consistency due to the use of different methodologies, particularly as concerns volatile organic compound (VOC) and greenhouse gas emissions.

Several production units also already recycle their packaging waste.

In 2016, environmental data were reported from 12 production facilities operated by the Group during the year, of which four Chargeurs Protective Films units, one Chargeurs Technical Substrates unit and seven Chargeurs Fashion Technologies units.

Total water and energy used by these plants edged up by a slight 3% and 5% respectively in 2016, as a direct result of the increase in output over the year.

The holding companies are also improving their sustainable development performance by significantly reducing their use of paper. In particular, they are encouraging individual shareholders to view and download their AGM documents online, thereby reducing the need to print and post them. An increasing number of other corporate documents are following the same paper-less route, which is easing our environmental impact by saving water, avoiding carbon emissions and reducing waste, while also improving organizational productivity by eliminating manual processes.

PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS

None.

CHARGEURS GROUP – 2016

ENERGY USE

Chargeurs Protective Films
(in Mwh/Mm²)

Chargeurs Fashion Technologies
(in Mwh/Mm²)

Chargeurs Technical Substrates
(in Mwh/km²)

Energy use indicators show a significant 7% reduction at Chargeurs Protective Films.

They rose by 6% at Chargeurs Fashion Technologies, but initiatives are under way to roll back consumption. For example, a physical vapor deposition line has been installed to combine coating and vapor deposition in a single machine.

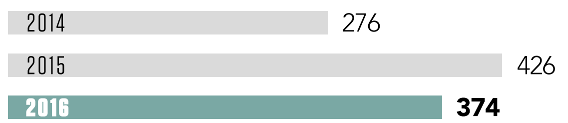
Energy use at Chargeurs Technical Substrates remained unchanged over the year.

WATER USE

Chargeurs Protective Films
(in m³/Mm²)

Chargeurs Fashion Technologies
(in m³/Mm²)

Chargeurs Technical Substrates
(in m³/km²)



All of the French units withdraw their water in compliance with local practices and rules.

Chargeurs Protective Films and Chargeurs Technical Substrates each reduced their consumption by 12% over the year. However, water use rose by 10% at Chargeurs Fashion Technologies, mainly due to the French dyeing operations, which use more water. In 2016, 80% of the division's interlinings were dyed.

NON-HAZARDOUS WASTE

Chargeurs Protective Films
(in T/Mm²)

Chargeurs Fashion Technologies
(in T/Mm²)

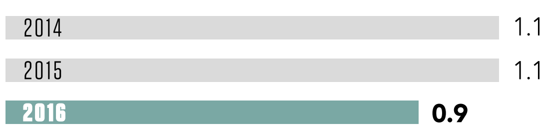
Chargeurs Technical Substrates
(in T/km²)

Chargeurs' units reduced their raw materials consumption and improved the measures undertaken to use them more efficiently. To limit changeover and cutting waste, production schedules and widths have been optimized.

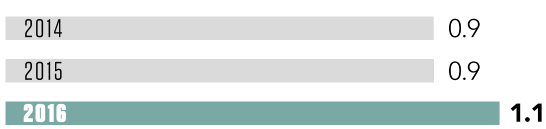
The amount of non-hazardous waste declined by 8% at Chargeurs Protective Films and by 21% at Chargeurs Technical Substrates. While it rose by a slight 4% at Chargeurs Fashion Technologies, the business was nonetheless able to reduce its combined tonnage of hazardous and non-hazardous waste by 15%.

HAZARDOUS WASTE

Chargeurs Protective Films
(in T/Mm²)



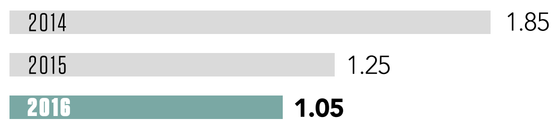
Chargeurs Fashion Technologies
(in T/Mm²)



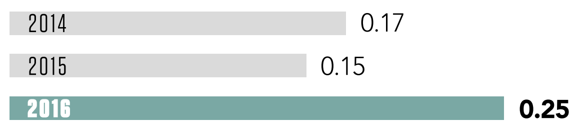
Chargeurs Technical Substrates
(in T/km²)

VOC EMISSIONS

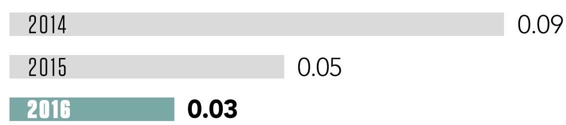
Chargeurs Protective Films
(in tons of carbon/Mm²)



Chargeurs Fashion Technologies
(in tons of carbon/Mm²)



Chargeurs Technical Substrates
(in tons of carbon/km²)



VOC emissions per unit-of-production declined by 16% at Chargeurs Protective Films in 2016, and are expected to remain on a downward trend in 2017 following the installation of a regenerative thermal oxidizer at the Boston Tapes plant in Italy.

Emissions at Chargeurs Technical Substrates continued to fall by a further 30% during the year. Senfa has pledged to stop using solvents in its products.

At Chargeurs Fashion Technologies, emissions rose significantly due to the increase in output at the Chinese plant.

GREENHOUSE GAS EMISSIONS

Chargeurs Protective Films
(in T/Mm²)

Chargeurs Fashion Technologies
(in T/Mm²)

Chargeurs Technical Substrates
(in T/km²)

Chargeurs sites its production units as close to customers as possible, so as to reduce its transportation costs and the related environmental impact. Chargeurs Fashion Technologies, for example, recently opened a plant in an eco-friendly industrial park in Ethiopia, whose output will be sold to a customer located on the same site.

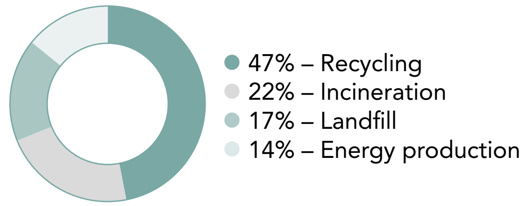
Greenhouse gas emissions per unit-of-production declined by 9% at Chargeurs Protective Films, but rose by 11% at Chargeurs Technical Substrates. They also increased by 9% at Chargeurs Fashion Technologies, due to higher energy use, particularly at the facility in Wujang, China.

At its partner combing mill in Uruguay, Chargeurs Luxury Materials uses renewable biogas produced by the technology that replaced the mill's old anaerobic treatment tanks, thereby reducing greenhouse gas emissions by 95%. In 2017, we will calculate the material sources of greenhouse gas emissions from the company's operations, in particular through the use of the goods and services it produces.

WASTE DISPOSAL METHODS

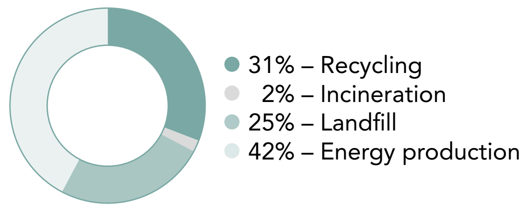
Chargeurs Protective Films

IN 2016:



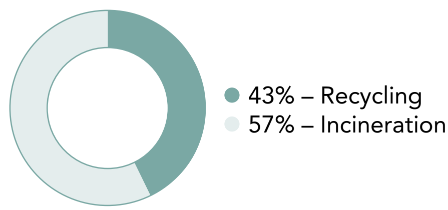
Chargeurs Fashion Technologies

IN 2016:



Chargeurs Technical Substrates

IN 2016:



3.4. CORPORATE RESPONSIBILITY INDICATORS

Our regional, economic and employment impact is analyzed solely in terms of jobs created and local economic development due to the business operations of our units. An analysis of jobs created by business and region is given in section 3.2.

RELATIONS WITH LOCAL ORGANIZATIONS

Both in France and abroad, relations with local organizations, subcontractors and suppliers are conducted in accordance with Chargeurs' values – in particular the creation of value for our customers, employees and shareholders, the respect for people and property, and fair and honest business practices – and with the standards of good practice embraced by every plant or corporate manager.

Our management organization combines decentralization and empowerment, so that local management is responsible for relationships with schools and universities, trade federations and other host community organizations.

In France, for example, Novacel, Lainière de Picardie and Senfa are deeply involved in the local, national and international industrial fabric through their support for general, business and trade schools (in particular by paying the French apprenticeship tax to selected institutions), their partnerships with universities, technical laboratories and innovation clusters, and their participation in national and international trade federations. These partners provide them with invaluable expertise and an outside perspective.

In as much as Chargeurs operates in B2B niche markets without any direct contact with end-consumers, there are only limited opportunities for dialogue with stakeholders interested in our activities, such as associations to combat social exclusion, academic institutions, environmental protection associations, consumer associations and host communities. Nevertheless, to the extent possible, we are committed to acting in harmony with the cultures and traditions of our host countries.

Chargeurs has long forged dedicated partnership agreements in each business.

Chargeurs Luxury Materials, for example, has backed its powerful worldwide combed wool sales network with four industrial partnerships in four countries on two continents to guarantee the reliability, traceability and quality of the delivered products and services, based on trust, respect and transparent relationships.

SUBCONTRACTORS AND SUPPLIERS

Relations with subcontractors and suppliers are guided by the values and procedural principles that every unit and corporate manager has pledged to uphold and that express our expectations for the suppliers, resellers and partners with whom we work in accordance with sustainable, responsible and ethical social and environmental practices.

Subcontracting is used by the businesses to enable them to focus on their core competencies. In the case of Chargeurs Luxury Materials, this has led to agreements with partner combing mills to ensure the traceability of wool labeled OEKO-TEX® Standard 100 and Global Organic Textile Standard (GOTS), thanks to their CSR commitments and OHS 18000 and/or ISO 14001 and ISO 9001 certifications.

The purchasing policies applied by the businesses are focused on meeting our customers' demanding standards of quality, reliability and competitiveness, so as to maintain the quality of our portfolio of value-added products and services.

For Chargeurs Protective Films, nearly all of the raw materials sourced in 2016 by its French unit came from companies or corporations that either affirm a formal CSR commitment or have demonstrated the quality of their operations.

For example, its largest subcontractor is equipped with efficient, highly automated installations and an organization built on international quality standards that enable it to meet the business unit's demands.

Chargeurs Technical Substrates' leading supplier is ISO 9001 and EN 9100-certified, and is also certified to the OEKO-TEX® Standard 100, which is a globally uniform testing and certification system for textile raw materials, intermediate and end products at all stages of production. Testing for harmful substances covers substances that are prohibited or regulated by law, chemicals that are known to be harmful to health and parameters that are included as a precautionary measure to safeguard health.

For Chargeurs Fashion Technologies, the main expectations of its garment-maker customers also concern product quality and the assurance that the interlinings are harmless, as attested by our units' ability to provide OEKO-TEX® Standard 100 certification, including the highly demanding class 1 certification for products that could come into contact with a baby's skin.

MEASURES TO PROMOTE CONSUMER HEALTH AND SAFETY

Chargeurs Protective Films is deeply engaged in the CSR process. The two European production units have earned certification according to the international ISO 9001 quality management standard and the international ISO 14001 standard, which defines the procedures for developing, implementing, maintaining and assessing an environmental management system. They can also demonstrate to customers their compliance with European REACH legislation. The Italian production unit has also been certified to the OHSAS 18001 standard, which stipulates a method for deploying an occupational health and safety management system and corresponding guidelines.

The goal is to improve risk management to reduce the number of accidents, comply with legislation and improve performance. At end-December 2016, the Italian production unit had had a record 1,271 days without accident, demonstrating the effectiveness of its safety management system and the engagement of all its employees in the safety process. Note that protective films are designed for the temporary protection of surfaces at every stage of the production process and are not intended for sale to consumers.

Senfa, the Technical Substrates' French production unit, has been awarded the AFAQ Confirmed Eco-Design label, which certifies the maturity of the unit's eco-design process. Continuous improvement in the process is being driven by the objectives set at the beginning of each year.

As mentioned above, Chargeurs Fashion Technologies and Chargeurs Luxury Materials offer their garment-maker and spinning-mill customers products that carry the OEKO-TEX® Standard 100 label, including the most restrictive Class I products, and comply, in the case of Chargeurs Fashion Technologies, with the European REACH Directive, which guarantees that these products do not contain any PFCs or phthalates.

FAIR AND HONEST BUSINESS PRACTICES

Constant attention is paid to the practices of our employees and subsidiaries to ensure that they consistently set an outstanding example. Trust is one of our core values. To prevent and manage cases of bribery, conflicts of interest or fraud, every plant manager has pledged to comply with the principles of good practice applicable in all of our operations, while constantly raising the standards. This commitment is in line with our corporate values and supported by the close relationships between the corporate business teams and their subsidiaries, as demonstrated by the regular visits to host countries by senior executives and by members of the corporate finance and human resources departments.

The Group’s principles were formally defined in a code of conduct in 2017 (see Chapter 4, section 4.6 of this Registration Document).

3.5. REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

Financial year ended December 31, 2016

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

To the Shareholders,

In our capacity as Statutory Auditor of Chargeurs, appointed as independent third party and certified by COFRAC under number 3-1060[(1)], we hereby report to you our report on the consolidated human resources, environmental and social information for the year ended December 31, 2016, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for a management report that includes the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), summarized in the management report and available on request from the company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

STATUTORY AUDITOR'S RESPONSIBILITY

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the paragraph three of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved six persons and was conducted between October 2016 and March 2017 during a four week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated May 13, 2013, defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000[(2)] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and the environmental impacts of its activities and its social commitments and, where applicable, any actions or programs arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph three of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the CSR section of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

(1) The scope of which can be consulted on the website, www.cofrac.fr
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted 10 interviews with 10 persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of a procedure for the collection, compilation, processing and control of data to ensure the completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[1]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us[2] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and performed extensive tests, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 25% of headcount considered as material data of social issues and between 29% and 77% of quantitative environmental data considered as material data of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, March 27, 2017

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Éric Bertier	Sylvain Lambert
Partner	*Corporate Social Responsibility Department Partner*

(1) The CSR Information that we considered to be the most important is detailed in the appendix to this report.
(2) The selected entities were: Lainière de Picardie (France), Senfa (France) and Boston Tapes (Italy).

APPENDIX: LIST OF CSR INFORMATION THAT WE CONSIDERED TO BE THE MOST IMPORTANT

Social performance indicators:

- Total workforce and breakdown by gender, age and geographical region
- Hires and redundancies
- Workplace health and safety conditions
- Workplace accidents, in particular their frequency and severity, and occupational diseases
- Training policies
- Number of training hours
- Elimination of discrimination in employment and occupation
- Promotion and adherence to the terms of the conventions of the International Labour Organization

Environmental performance indicators:

- Company organization to address environmental issues and if relevant, performance monitoring or certification in terms of environment
- Training and communication to employees issues relative to environmental protection
- Resources allocated to prevent environmental risks and pollution
- Measures to prevent, reduce or remedy emissions into the air, water or soil that seriously affect the environment
- Measures to prevent, recycle and dispose of waste
- Water consumption and supply according to local constraints
- Raw materials consumption and measures taken to use them more efficiently
- Energy consumption, measures taken to improve energy efficiency and use of renewable energy
- Greenhouse gas emissions

Corporate responsibility indicators:

- Relations with persons or organizations that may be affected by the Company's operations, including associations combating social exclusion, educational establishments, environmental protection organizations, consumer associations and local residents
- Inclusion of social and environmental criteria in the procurement policy
- Extent of sub-contracting and consideration of the corporate responsibility of suppliers and contractors in dealings with them
- Measures taken in favor of consumer health and safety

4 CORPORATE GOVERNANCE

4.1. CORPORATE GOVERNANCE FRAMEWORK

REFERENCE FRAMEWORK

The Board of Directors has decided to use the Corporate Governance Code for Small- and Mid-caps published by MiddleNext (revised in September 2016) as Chargeurs' reference framework for corporate governance practices and procedures, and particularly for the preparation of this report.

This Code can be downloaded from the MiddleNext website (in French only).

Since changing its governance structure on October 30, 2015, Chargeurs has enriched its corporate governance rules with a view to continually ensuring that its governance practices are adapted to its operating context and requirements and building a set of rules that will facilitate its business development over the long term. As part of this continuous improvement approach, the Company has particularly drawn on the MiddleNext Code (including its September 2016 revised version), and therefore applies the majority of the recommendations contained in this Code.

As recommended by France's securities regulator (AMF) in its "comply or explain" recommendation 2013-20 issued on November 18, 2013, the Chargeurs Registration Document contains a summary table setting out the recommendations in the MiddleNext Code that are not relevant to the Company or that the Company has elected not to apply, with explanations provided in each case.

The members of the Board of Directors have been informed of and have reviewed the "Points de vigilance" ("Points to be watched") sections of the Code, which set out the main issues to be addressed in order to ensure that the Company's governance system operates smoothly. The directors recognize that the purpose of these sections of the Code is to encourage the Board to consider these issues, without necessarily being required to prepare explicit, detailed responses.

Chargeurs' practices and procedures in the areas of risk management and internal control are based on the general principles defined by the AMF in its July 22, 2010 document entitled "*Cadre de Référence sur les dispositifs de gestion des risques et de contrôle interne: Guide de mise en oeuvre pour les valeurs moyennes et petites*", which provides a risk management and internal control framework and guidelines for small- and mid-cap companies.

4.2. MIDDLENEXT CORPORATE GOVERNANCE CODE RECOMMENDATIONS THAT WERE NOT APPLICABLE OR WERE NOT APPLIED

at December 31, 2016

Recommendation	Chargeurs' position
R3: Composition of the Board - Independent directors There are five criteria justifying the independence of directors, characterized by the absence of any significant financial, contractual or family relationship likely to affect their independence of judgment. Consequently, an independent director must not: – Be – or have been in the past five years – a salaried employee or corporate officer of the company or of a company in its group. – Have – or have had in the past two years – significant business relations with the company or its group (as a customer, supplier, competitor, service provider, creditor, banker, etc.). – Be a major shareholder of the company or hold a significant percentage of its voting rights. – Have any close family relationship or other personal ties with a corporate officer or a major shareholder of the company. – Be – or have been in the past six years – a Statutory Auditor of the company. Independence is also a state of mind whereby a person must be capable of fully exercising their freedom of judgment and of putting forward objections or stepping down if they consider this necessary.	The criteria that Chargeurs' Board of Directors uses to assess the independence of its members is closely based on the recommendations in the MiddleNext Code. However, the Board has decided not to apply the new timeframes recommended in the September 2016 revised version of the MiddleNext Code for criteria (i) and (ii). In criterion (i), the length of time during which an independent director must not have been an employee or corporate officer of the company or its group has been extended to five years in the revised Code (from three previously), and in criterion (ii), the number of years during which an independent director must not have had significant business relations with the company or group has now been set at two years. The extension of the timeframes for these two criteria would not have affected the terms of office of the Group's directors. The Board considered that these extended timeframes do not provide an additional guarantee of independence compared with the previously applicable periods and that the lengths of time concerned should be assessed in light of each director's specific situation.
R7: Board rules of procedure The Board of Directors should have rules of procedure covering at least the following eight areas: – The roles and responsibilities of the Board and any transactions or operations that require the Board's prior approval. – The Board's membership structure and independence criteria. – The roles and responsibilities of any Board Committees. – The obligations and duties of Board members (ethics: loyalty, non-competition, disclosure of conflicts of interest, duty to abstain, confidentiality, etc.). – The operating procedures of the Board (frequency of meetings, notice of meetings, information provided to directors, self-assessment, use of videoconferencing and other forms of telecommunications), and of any Board Committees. – The methods used to protect the company's directors and officers (e.g. D&O insurance). – The rules applied for determining directors' compensation. – Succession planning (top executives and other key management personnel).	The only area of Recommendation R7 that is not covered in the Rules of Procedure of Chargeurs' Board of Directors is the issue of succession planning. However, since 2016, the Company has put in place a succession planning strategy, which notably led to the recruitment of a new Chief Executive Officer for Chargeurs Technical Substrates in early 2017. The Board is regularly kept informed of, and is consulted on, the Company's succession planning measures and the profiles selected. Consequently, it can be considered that succession planning is one of the topics addressed by the Board in compliance with Recommendation R14 of the MiddleNext Code.
R11: Board evaluation Once a year, the Chairman of the Board should ask the directors to comment on the work and procedures of the Board and any Board Committees. The discussion should be recorded in the minutes of the meeting concerned. The Chairman should state in his report that this procedure has taken place.	The Board of Directors did not carry out a formal self-assessment of the work and procedures of the Board or the Audit or Compensation Committees in 2016. However, the directors did discuss these issues at various times during the year in line with Recommendation R11 of the MiddleNext Code.

Recommendation	Chargeurs' position
R15: Corporate officers and employment contracts In compliance with the relevant regulations, the Board of Directors should decide whether or not to authorize the following corporate officers to continue to have an employment contract when serving their terms: the Chairman, the Chairman and Chief Executive Officer, the Chief Executive Officer (for joint-stock corporations with a Board of Directors), the Chairman of the Management Board (for joint stock corporations with a Management Board and a Supervisory Board) and the Managing Partner (for partnerships limited by shares). The reasons for the decision should be presented in detail in the Board's report to the Annual General Meeting.	This recommendation does not apply to Chargeurs.
R16: Termination benefits* Where payment of a termination benefit is provided for in accordance with the law, the total benefit – including any amount due under the employment contract, if applicable – should not exceed the equivalent of two years' fixed and variable compensation, except where the compensation of the executive concerned is considerably less than the market rate (this may be the case, for example, for business start-ups). In addition, no termination benefit should be paid to a corporate officer who steps down in order to take up a new position or moves to a new position within the group. Care should also be taken to avoid artificially inflating an officer's compensation for the period before he or she steps down.	This recommendation does not apply to Chargeurs.
R17: Supplementary pension plans In addition to the authorization procedures provided for by law, in the interests of transparency, the Board of Directors' report to the Annual General Meeting should include details of any defined benefit supplementary pension plans set up for corporate officers, and the reasons for such benefits.	This recommendation does not apply to Chargeurs.
R18: Stock options and free shares* Grants of stock options and free shares should not disproportionately benefit executives. In addition, corporate officers should not receive any stock options or free shares when they leave office. The stock options and free shares awarded to executives should only vest if certain pre-defined performance conditions are met. These performance conditions should be assessed over a significant period and should align the executive's interests with the company's medium to long-term interests.	This recommendation does not apply to Chargeurs.

* *Recommendations 16 and 18 have been applicable since 2017.*

4.3. GOVERNANCE STRUCTURE AND BOARD COMMITTEES

GOVERNANCE STRUCTURE

As a reminder, when Colombus Holding SAS became Chargeurs' major shareholder in 2015, and in view of the fact that each Group division already has their own operational management team, the Board of Directors decided to put in place a governance structure that is better suited to the Company's situation. It therefore combined the positions of Chairman of the Board and Chief Executive Officer, appointing Michaël Fribourg to this post.

Chairman and Chief Executive Officer

Following the decision to change the Company's governance structure, the Board of Directors appointed Michaël Fribourg as:

- Chairman of the Board of Directors, for his term as a member of the Board; and
- Chief Executive Officer, for a period of five years.

The Chairman and Chief Executive Officer (i) organizes and leads the work of the Board and reports thereon to the shareholders at General Meetings; (ii) oversees the effectiveness of the Company's governance structures and monitors compliance with generally accepted governance principles and best practices; and (iii) assumes responsibility for implementing the strategy decided by the Board of Directors and for the day-to-day management of the Company.

Combining the roles of Chairman and Chief Executive Officer fully respects the balanced governance rules described in this report and is a perfect fit with Chargeurs' decentralized operational structure under which there is a separate CEO for each of the Company's four business lines. It also facilitates highly efficient management and reporting processes and contributes to the Group's development, thanks to the regular, effective discussions that take place between the Chairman and Chief Executive Officer and the business line's CEOs, in an overall climate of trust and confidence.

The new governance structure not only gives the Group a clear, strong vision of its future prospects and development, led by a Chairman and Chief Executive Officer who has deep and unrivaled expertise in the Company's businesses and the operational challenges they face, but also enables responsive decision-making – an essential requirement for today's fiercely competitive global markets. At the same time, it is the best type of structure for achieving the Group's strategic transformation that is being spearheaded by the new Chairman and Chief Executive Officer.

Lastly, having a combined position of Chairman and Chief Executive Officer facilitates dialog between the Board and shareholders, as they have a single point of contact, and this forges close investor relations with shareholders, based on strong and ongoing communication. In particular, every year the Chairman and Chief Executive Officer meets with shareholders and financial analysts when Chargeurs releases its annual results.

Restrictions on the Chairman and Chief Executive Officer's powers

In accordance with the Company's bylaws, when the Chairman of the Board also performs the role of Chief Executive Officer, he has the broadest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and except for those powers that the law attributes to shareholders in General Meetings and to the Board of Directors. He represents the Company in its dealings with third parties.

Internal restrictions on the Chairman and Chief Executive Officer's powers concern the requirement to obtain the Board of Directors' prior approval before issuing any guarantees that are binding on the Company, except in cases where the Board of Directors has expressly delegated its authority within the limits defined in articles L. 225-35 and R. 225-28 of the French Commercial Code.

BOARD OF DIRECTORS

Membership

A list of the members of the Board of Directors is provided in section 4.4.2 of the Registration Document.

The Board has five members, including the Chairman and Chief Executive Officer, as well as a non-voting director (censeur) who attends Board meetings in a consultative capacity.

Non-voting directors shall be responsible for ensuring the strict application of these bylaws and the corporate decisions. They shall be invited to meetings of the Board of Directors and shall participate in the proceedings in an advisory capacity, without their absence affecting the validity thereof.

The criteria used by the Board to assess whether directors are independent are set out in its Rules of Procedure and are largely based on the recommendations of the MiddleNext Code. Consequently, the Board assesses whether each member:

- "is an executive in the Company or the Group or has any particular ties with any of the executives of the Company or the Group;
- is – or has been in the past three years – an employee or a corporate officer of the Company or another Group entity;
- is a significant client, supplier or banker of the Company or a company of the Group, or a client, supplier or banker for whom the Company or the Group represents a significant share of its business;
- has a close family relationship with a corporate officer;
- is – or has been in the past six years – a Statutory Auditor of the Company."

Having reviewed each of its member's situations on a case-by-case basis, the Board considers that it has two independent directors (Isabelle Guichot and Catherine Sabouret at December 31, 2016 and Isabelle Guichot and Cécilia Ragueneau as of the date of this Registration Document).

Directors are appointed for a term of three years, which is perfectly adapted to the Company's operations and requirements. Their terms of office are staggered, as shown in the table in section 4.4.2 of the Registration Document.

Changes to the Board of Directors in 2017, as authorized by the Shareholders at the Annual General Meeting of April 20, 2017

In view of the recent changes made to the Board's structure, the Annual General Meeting of April 20, 2017 approved:

- The election of Cécilia Ragueneau as an independent director to replace Catherine Sabouret whose term of office expired at the close of that meeting. As a result of her election there are still two women on the Board, therefore complying with the provisions of French Act 2011-103 dated January 27, 2011 relating to balanced gender representation on Corporate Boards. Cécilia Ragueneau's profile is provided in section 4.4.2 of the Registration Document.
- The re-election of Emmanuel Coquoin as a director.

The Company's directors have diverse professional and personal backgrounds and significant international experience. The names of the members of the Board and their profiles are provided in section 4.4.2 of the Registration Document, which is published on Chargeurs' website. These profiles show a range of complementary skills and experience, representing a major asset for the Group.

In accordance with AMF recommendation 2013-20 issued on November 18, 2013, the Registration Document includes a summary table setting out changes in the Board's membership during 2017, as well as the independence status of each director as assessed using the criteria applied by the Board.

The Board does not have any members representing either employee shareholders or employees in general, as the Company's headcount is below the thresholds specified in articles L. 225-23 and L. 225-27-1 of the French Commercial Code that trigger the requirement for employee representation.

Professional ethics and conduct, roles and responsibilities and organization of the work of the Board of Directors

The Board of Directors' roles and responsibilities and main operating procedures are set out in the Company's bylaws. At its March 14, 2016 meeting, the Board decided to introduce a set of Rules of Procedure that supplement the bylaws by setting out the organizational and operating procedures of the Board and its Committees as well as the rights and obligations of directors, non-voting directors and members of the Board Committees.

The Rules of Procedure were subsequently amended at the Board meeting held on December 7, 2016 in order to take into account the main provisions of the revised version of the MiddleNext Code as well as the new role of Audit Committees specified in article L. 823-19 of the French Commercial Code, as amended by Government Order 2016-315 dated March 17, 2016, relating to audit reform.

The Rules of Procedure correspond to an internal document but substantial extracts are included in this report.

Each director is informed of the obligations arising from their appointment and the rules of professional ethics and conduct applicable to them in accordance with the provisions of the Rules of Procedure and the recommendations contained in the MiddleNext Code. The Company has not identified any cases of non-compliance with these rules.

To the best of the Company's knowledge, as of the date of this document there are no conflicts of interest, and no such conflicts were identified in 2016, between the duties that the directors have to the Company and their personal interests or other duties.

Furthermore, no related-party agreements governed by article L. 225-38 of the French Commercial Code were signed or renewed in 2016. During 2017, two related-party agreements between Michaël Fribourg and Chargeurs SA were approved by the Board of Directors (on March 8) and ratified by the Company's shareholders at the Annual General Meeting held on April 20: (i) a non-compete agreement, and (ii) an agreement setting out the benefits that would be payable to Michaël Fribourg by Chargeurs SA in the event that his term of office is not renewed, he is removed from office, his roles as Chairman and Chief Executive Officer are separated, or there is a change in the Company's strategy or control. These commitments given to the Chairman and Chief Executive Officer are described in Chapter 5, section 5.5 of this Registration Document.

The directors have been given a guide on the prevention of insider trading, which reminds them of their legal and regulatory obligations in their capacity as "insiders" with respect to Chargeurs. They have also been advised of the new disclosure rules applicable to transactions in the Company's securities, as required under the European Market Abuse Regulation – which came into force in France on July 3, 2016 – and the related implementation regulation dated March 10, 2016.

The Board of Directors determines the Company's business strategy and oversees its implementation.

It generally meets at least four times a year: twice to examine the interim and annual financial statements, once to review Group strategy in relation to the budget and business plan, and once after the Annual General Meeting to implement the decisions voted by shareholders. At each meeting, the directors also discuss the Group's business performance, major projects and any matters specifically submitted to the Board.

However, since 2016, the Board's workload has increased considerably and now far exceeds simply monitoring the Group's daily running. Consequently, special Board meetings are held to discuss and review the Company's key strategic projects. In practice this means that Board meetings may be called at any time depending on the current circumstances and the directors are fully involved in overseeing the Group's main strategic goals and actions. As at the date of this Registration Document, the Board had already held seven meetings since the beginning of 2017.

At its meetings, the Board also regularly reviews and is consulted on the measures put in place by the Company in relation to succession planning for top executives and other key personnel. Succession planning was earmarked as a priority from the start of 2016 in order to anticipate future requirements and adapt the Group's organizational structure in line with its developments and growth. This notably led the Company to expand its Executive Committee during the year by appointing (i) a Secretary General, whose main responsibilities will include overseeing the succession planning policy and ensuring the continued excellence of the Group's management teams, and (ii) an Executive Vice-President, International Business Development and Acquisitions. In addition, in early 2017 a new Chief Executive Officer was appointed for Chargeurs Technical Substrates.

Prior to each Board meeting, the directors receive all of the information and documents they require in order to perform their duties, in the form of a meeting pack that contains the agenda and a presentation of the Company's operations and the various projects submitted for their approval. The meeting pack is provided sufficiently in advance so that the directors can effectively prepare for the Board's discussions. They may also ask the Chairman and Chief Executive Officer to give them any additional information they may consider useful for carrying out their work.

The Chairman and Chief Executive Officer communicates transparently with the members of the Board, keeping them up to date about the Company's operations, business trends and developments and competition.

The directors also have numerous opportunities to meet and discuss with the Chief Executive Officers of the Group's four business lines, both during the Board meetings dealing with the presentation of their forecast accounts and budget and during visits to Chargeurs' production sites. Board members are also invited to the Group's annual seminar, which brings together the executives of its international subsidiaries.

The directors receive attendance fees, whose aggregate amount is approved by shareholders at the Annual General Meeting. In 2016, the total amount of these fees paid was €200,000, which was allocated among the directors based on their attendance at meetings of the Board and the Board Committees (apart from the Chairman and Chief Executive Officer who does not receive fees for his role as a director of the Company). At the Annual General Meeting on April 20, 2017, the shareholders approved the recommendation of the Board of Directors to set at €300,000 the total fees payable to directors for 2017 and all subsequent years until a new amount is set at an Annual General Meeting. These higher fees reflect the increased workload of the Board and its two Board Committees and the resulting higher level of commitments and responsibilities required of their members. In accordance with article L. 225-102-1 of the French Commercial Code, a table summarizing the directors' fees received by the directors and the non-voting director is provided in section 4.5 of this Registration Document.

Other disclosures

To the best of the Company's knowledge, in the past five years (i) none of the members of the Board of Directors has been convicted in relation to fraudulent offenses, (ii) none of the members of the Board of Directors has been associated with any bankruptcies, receiverships or liquidations, (iii) none of the members of the Board of Directors has been subject to any official public incriminations and/or sanctions by statutory or regulatory authorities (including designated professional bodies), and (iv) none of the members of the Board of Directors has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

To the best of the Company's knowledge, there are no family relationships between any members of the Board of Directors.

No service agreements have been entered into between any Board member, member of Management and the Company or any of its subsidiaries under which that Board member would be granted benefits.

To the best of the Company's knowledge, none of the Board's members have agreed to any restrictions – other than those provided for under the applicable laws and regulations or in the Company's bylaws or the Board's Rules of Procedure – on the sale within a certain timeframe of their shareholding in the Company.

Work of the Board of Directors in 2016

In 2016, the Board met nine times, five more than usual. The attendance rate at these meetings was 100% and they lasted an average of two hours. The members of the Board were particularly involved in the various major projects launched by the Company during the year.

The Board's work during the year included approving the parent company and consolidated financial statements for 2015 as well as the interim consolidated financial statements at June 30, 2016. On the basis of these interim financial statements it decided to pay an interim dividend for 2016.

It also approved the forecast accounts for 2016 and the 2017 budget. Also at its meetings in 2016, the Board: monitored the Group's business operations and financing, including the review and approval of two issues of ordinary bonds for €57 million and €15 million respectively.

Approved several major strategic decisions, such as Chargeurs Protective Films' acquisition of Main Tape in the USA. Was consulted on, and kept informed of, the recruitment process for Chargeurs Technical Substrates' new Chief Executive Officer.

Used the shareholder authorization to buy back the Company's shares via a liquidity contract; put in place Rules of Procedure for the Board and subsequently aligned them with the new laws and regulations; decided on the compensation package to be awarded to the Chairman and Chief Executive Officer; tracked the progress of the Company's update to its legal risk map and reviewed the Statutory Auditors' engagements.

Reviewed the Statutory Auditors' engagements. As well as attending meetings, the directors were invited to visit several production sites both in and outside France in order to give them further insight into the Group's operations.

The Board of Directors did not carry out a formal self-assessment of the work and procedures of the Board or the Audit or Compensation Committees in 2016.

However, the directors discussed these issues at various times during the year, therefore complying with the overall objectives of the MiddleNext Code's recommendations.

Work of the Board of Directors in the first ten months of 2017

The first ten months of 2017 was a busy period for the Board of Directors as it met seven times. The attendance rate at these meetings was 100% and they lasted between one and three hours depending on the items on the agenda.

During these meetings the Board, *inter alia*:

- Authorized for issue the 2016 parent company and consolidated financial statements, based on which the shareholders at the April 20, 2017 AGM approved the Board's recommendation to pay a total dividend of €0.55 for the year (representing a final dividend of €0.35 taking into account the interim dividend already paid out).
- Approved the parent company and consolidated financial statements for the first half of 2017, based on which the Board decided to pay an interim dividend of €0.25 per share for 2017.
- Approved the resolutions and reports to be submitted to the Annual General Meeting of April 20, 2017.
- Launched the 2017-2018 share buyback program.
- Launched a free share grant program for certain Group employees.
- Set up a stronger compliance system in accordance with the compliance provisions of French Act 2016-1691 dated December 9, 2016 (the "Sapin 2 Act").
- Launched a new Euro PP issue amounting to €60 million.
- Reviewed the Group's main strategic directions and decisions, including a new plan to optimize operations, called "Game Changer"; examined acquisition opportunities, such as the acquisitions of Omma (Italy) and Walco (USA) by Chargeurs Protective Films; analyzed opportunities for strategic investments in the Group's businesses; set the Chairman and Chief Executive Officer's variable compensation for 2016 and the first half of 2017; and reviewed the commitments given by the Company, as approved at the April 20, 2017 Annual General Meeting.

COMPENSATION COMMITTEE

Membership structure and roles and responsibilities of the Compensation Committee

The Compensation Committee was set up by the Board of Directors at its meeting on December 16, 2015. At December 31, 2016, it had two members: Isabelle Guichot (independent director and Chair of the Committee) and Nicolas Urbain (who is the permanent representative of Colombus Holding SAS on Chargeurs SA's Board). As at the date of this Registration Document, the Compensation Committee is chaired by Cécilia Ragueneau, who is an independent director.

The profiles of the Compensation Committee members are provided in section 4.4.2 of this Registration Document.

The membership structure of the Compensation Committee and the experience of each of its members are suited to the Board of Directors' size and requirements.

The Board's Rules of Procedure state:

"The roles and responsibilities of the Compensation Committee include putting forward proposals and recommendations to the Board of Directors concerning:

- the Company's overall executive compensation policy;
- the compensation packages awarded to executives and the calculation methods used for setting the relevant amounts; and
- more generally, any matters concerning executive compensation submitted to the Committee by the Chairman of the Board of Directors.

The Compensation Committee may use the services of external specialists, at the Company's expense, provided it informs the Chairman of the Board in advance and receives the Board's prior approval.

Where this is the case, the Committee is required to report on the use of such specialists to the Board of Directors." Consequently, the Compensation Committee assists the Board in the above-mentioned areas and helps it to set the compensation and benefits of executives so that the Company can retain, motivate and hire the best talent, while ensuring that executive pay is aligned with shareholders' interests and the Company's performance.

The Compensation Committee applies the seven criteria listed in the thirteenth recommendation (R13) of the MiddleNext Code relating to setting and disclosing executive compensation: Completeness, Balance, Benchmark, Consistency, Clarity, Measurement and Transparency.

Work of the Compensation Committee in 2016

The Compensation Committee met four times in 2016, with an attendance rate of 100%. During these meetings, the Committee reviewed and issued recommendations on the following matters:

Compensation and benefits of the Chairman and Chief Executive Officer

The Committee issued recommendations to assist the Board with setting the variable portion of the Chairman and Chief Executive Officer's compensation for 2016 based on (i) the achievement levels of the performance criteria set by the Board at its December 16, 2015 meeting, and (ii) an assessment of Chargeurs' share performance in 2016.

It also issued recommendations about the Chairman and Chief Executive Officer's compensation package for 2017. These recommendations were followed by the Board of Directors and at the April 20, 2017 Annual General Meeting, the Company's shareholders issued a favorable opinion on the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components making up the total compensation and benefits in kind payable to the Chairman and Chief Executive Officer for 2017.

Information on the compensation and benefits of the Company's Chairman and Chief Executive Officer is provided in section 4.5 of the Registration Document.

Fixed and variable compensation awarded to the Chief Executive Officers of the Group's four business lines

After reviewing the fixed and variable compensation for 2016 awarded to the Chief Executive Officers of the Group's four business lines, the Compensation Committee put forward proposals to the Board about their variable compensation for 2017.

Directors' fees

The Committee issued a recommendation on the aggregate amount of directors' fees to be set for 2017, which was authorized by the Shareholders at the Annual General Meeting of April 20, 2017.

Work of the Compensation Committee in the first ten months of 2017

The Compensation Committee met three times in the first ten months of 2017, with an attendance rate of 100%. During that period it reviewed and issued recommendations mainly on implementing the compensation policy applicable to the Chairman and Chief Executive Officer, as approved at the April 20, 2017 Annual General Meeting.

AUDIT COMMITTEE

Membership structure and roles and responsibilities of the Audit Committee

At its meeting on December 3, 2009, the Board decided to set up an Audit Committee in application of article L. 823-19 of the French Commercial Code.

At December 31, 2016, this Committee had two members, both of whom are directors: Catherine Sabouret (Committee Chair) and Emmanuel Coquoin. As at the date of this Registration Document, the Audit Committee is chaired by Isabelle Guichot, who is an independent director. The Board's non-voting director, Georges Ralli, also attends Audit Committee meetings.

The profiles of the Audit Committee members are provided in section 4.4.2 of this Registration Document.

The membership structure of the Audit Committee and the experience of each of its members are suited to the Board of Directors' size and requirements.

When determining the roles and responsibilities of the Audit Committee, the Company referred to the report of the AMF Working Group on Audit Committees, which was issued in 2010 and can be viewed on the AMF's website at http://www.amf-france.org.

Acting on the Audit Committee's recommendation, the Board amended its Rules of Procedure on December 7, 2016, notably to take into account the new roles of audit committees provided for in article L. 823-19 of the French Commercial Code, as amended by Government Order 2016-315 dated March 17, 2016. Following these amendments, the Rules of Procedure now state:

"The Audit Committee's roles and responsibilities include:

- monitoring the processes used to prepare financial information and the methods applied for preparing the financial statements and, where necessary, putting forward recommendations on ensuring the integrity of financial information;
- reviewing and analyzing the annual financial statements and reporting to the Board on this review;
- monitoring the effectiveness of the measures put in place related to risk management, internal control, regulatory and operational compliance and respecting the applicable rules on professional ethics and conduct;
- monitoring and participating in the procedure for selecting Statutory Auditors including submitting recommendations (i) in accordance with Article 16 of EU Regulation 537/2014 at the end of the selection procedure for appointing new Statutory Auditors (notably when the existing Statutory Auditors' term has reached the maximum authorized duration); or (ii) on re-appointing existing Statutory Auditors;
- overseeing the work carried out by the Statutory Auditors and giving an opinion on the quality of their engagement, taking into account the observations and conclusions of the French Auditors' Oversight Body (H3C) following its periodic quality controls;
- ensuring compliance with the rules guaranteeing the independence of the Statutory Auditors, and, in particular (i) verifying that the conditions set out in article six of EU Regulation 537/2014 are respected (compliance with the conditions applicable before accepting or continuing an engagement for a statutory audit, annual confirmation of independence and assessment of any threats to their independence), and (ii) taking the measures required in accordance with paragraph three of article four of said EU Regulation if the total fees received by the Statutory Auditors from the Company in each of the last three consecutive fiscal years exceed 15% of those Auditors' total client fees for the year concerned;
- approving any supply of non-audit services by the Statutory Auditors which are authorized in the "Authorized Services Charter" drawn up by the Audit Committee;
- examining the Chairman's report on the membership of the Board of Directors, the preparation and organization of its work, and internal control and risk management procedures.
- regularly reporting to the Board on the Committee's work, notably on the role it plays in relation to monitoring the audit engagements of the Statutory Auditors, and issuing any recommendations concerning the above-mentioned topics and informing the Board on any difficulties it may encounter."

"The Audit Committee meets as often as the Committee's Chair thinks fit and at least twice a year, before the Board meetings held to approve the publication of the interim and annual financial statements. Other meetings may be requested by the Chairman of the Board if he considers it necessary. Agendas for Audit Committee meetings are drawn up by the Committee Chair, or in her absence the Chairman of the Board.

The Committee Chair regularly reports to the Board of Directors on the work of the Audit Committee and promptly informs the Board if any difficulties are encountered."

Work of the Audit Committee in 2016

The Audit Committee met three times in 2016, with an attendance rate of 100%.

During these meetings, the Committee particularly focused on the following:

- examining the processes used to prepare the parent company and consolidated financial statements for 2015 and the draft interim financial statements for the first half of 2016;
- submitting proposals to the Board concerning the Statutory Auditors whose terms are due to expire at the April 20, 2017 Annual General Meeting; managing the selection process organized by the Company for appointing new Statutory Auditors (including reviewing the scope of the invitation to tender, the specifications and the selection criteria). This work continued in 2017 and involved holding interviews with the three pre-selected firms, and issuing a recommendation to the Board on the selection of the new Statutory Auditors whose appointment was approved at the April 20, 2017 Annual General Meeting (in accordance with the obligations applicable following the audit reform introduced by EU Directive 2014/56, EU Regulation 537/2014 and French Government Order 2016-315 dated March 17, 2016);

- in application of the above-mentioned audit reform, drafting a charter of non-audit services that it authorizes to be supplied by the Statutory Auditors and their networks and which do not fall within the scope of services that are prohibited under EU Regulation 537/2014;
- reviewing the "Points to be watched" and the recommendations in the revised version of the MiddleNext Code issued in September 2016;
- monitoring the progress of and reviewing the work carried out by a law firm commissioned by the Company in 2016 to update the Group's legal risks map. Information on this update is provided below in the "Internal control and risk management procedures" section.

During its meetings held in 2016, the Audit Committee heard reports from the Group Chief Financial Officer, the Group Secretary General, the Statutory Auditors (during the meetings concerning the review of the financial statements) and the law firm commissioned to update Chargeurs' legal risks map.

Work of the Audit Committee in the first ten months of 2017

The Audit Committee met four times in the first ten months of 2017, with an attendance rate of 100%.

During that period its work included:

- Examining the process used to prepare the draft parent company and consolidated financial statements for 2016 and the draft Chairman's Report on Corporate Governance and Internal Control that were submitted to the April 20, 2017 Annual General Meeting.
- Examining the process used to prepare the draft financial statements for the first half of 2017.
- Meeting audit firms and issuing a recommendation to the Board of Directors following the invitation to tender launched by the Company for the appointment of a new Statutory Auditor at the April 20, 2017 Annual General Meeting.
- Reviewing the work and findings of the law firm commissioned by the Company to update the legal risk maps.

4.4. PRESENTATION OF THE MEMBERS OF MANAGEMENT, THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

4.4.1. PRESENTATION OF THE MEMBERS OF MANAGEMENT

Executive Committee

Michaël Fribourg
Chairman and Chief Executive Officer, Chargeurs

Joëlle Fabre-Hoffmeister
Group Secretary General and Chief Compliance Officer

Olivier Buquen
Chief Financial Officer

Sampiero Lanfranchi
Group Executive Vice-President, International Business Development and Acquisitions

Laurent Derolez
Chief Executive Officer, Chargeurs Protective Films

Bernard Vossart
Chief Executive Officer, Chargeurs Fashion Technologies

Patrick Bonnefond
Chief Executive Officer, Chargeurs Technical Substrates

Fédérico Paullier
Chief Executive Officer, Chargeurs Luxury Materials

4.4.2. PRESENTATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

Members of the Board of Directors and Board Committees at September 30, 2017

Name	Current position within the Company	Date first elected/ appointed	Current term expires	Audit Committee	Compensation Committee
Michaël Fribourg	Director	Oct. 30, 2015 Board meeting (appointed by the Board)*	2018 AGM	N/A	N/A
	Chairman and Chief Executive Officer	Oct. 30, 2015 Board meeting	2020 Board meeting		
Colombus Holding SAS, represented by Nicolas Urbain	Director	Oct. 30, 2015 Board meeting (appointed by the Board)	2019 AGM	N/A	Nicolas Urbain, Non-director member
Emmanuel Coquoin	Director	Oct. 30, 2015 Board meeting (appointed by the Board)	2020 AGM	Member	N/A
Isabelle Guichot	Independent director	May 4, 2016 AGM	2019 AGM	Chair	N/A
Cécilia Ragueneau	Independent director	April 20, 2017 AGM	2020 AGM	N/A	Chair
Georges Ralli	Non-voting director	May 4, 2016 AGM	2019 AGM	Non-voting director	Non-voting director

* *Eduardo Malone resigned on October 30, 2015 and Michaël Fribourg was appointed as a director by the Board.*

Changes and renewals in Board membership during the Annual General Meeting or Board of Directors' meeting of April 20, 2017:

- Expiration of the term of office of Catherine Sabouret (independent director and Chair of the Audit Committee).
- Election of Cécilia Ragueneau as an independent director to replace Catherine Sabouret and appointment of Cécilia Ragueneau as Chair of the Compensation Committee.
- Re-election of Emmanuel Coquoin as a director and a member of the Audit Committee.

Name Directorship and other positions held in Chargeurs, date term expires	Directorships and other positions held in other companies
Michaël Fribourg **Chairman and Chief Executive Officer** Current term expires at the Annual General Meeting to be held in 2018	
Profile Michaël Fribourg founded Columbus Holding with the support of leading French long-term institutional investors – CM-CIC Investissement, EFFI-INVEST II, BNP Paribas Développement and Harwanne (Covéa Group) – and several French family offices. He began his career in the cabinet office of Renaud Dutreil (Minister for Trade, Craft Industry and Small Businesses and Enterprises), where he worked from 2005 to 2006 before joining the Inspection générale des finances (the French tax inspectorate), where he led several advisory and support projects for the French administration and for the Office of the French President. In 2011, he became Special Adviser to the Minister for Industry, Energy and the Digital Economy, serving as co-chief of staff. Mr. Fribourg is a graduate of École normale supérieure, Institut d'études politiques de Paris (Sciences-Po) and École nationale d'administration. He also holds postgraduate degrees in philosophy and economics, as well as a master's degree in modern humanities. In 2009, he became a member of the Inspection générale des finances. He is currently a Senior Lecturer at Sciences Po Paris. Business address: 112, avenue Kléber - 75116 Paris	Directorships and positions held **Chairman and Chief Executive Officer of:** — Chargeurs SA* – Group **Chair of:** — Colombus Holding SAS – Non-Group — MF Holding SAS – Non-Group — Médicis Participations SAS – Non-Group — Benext Venture SAS – Non-Group — Chargeurs Textiles SAS – Group — Main Tape Company, Inc. (United States) – Group **Chief Executive Officer of:** — Colombus Family Holding SAS – Non-Group **Vice-Chairman and Director of:** — Lanas Trinidad SA – Group — Lanera Santa Maria SA – Group **Member of the Supervisory Board of:** — Groupe JOA – Non-Group **Legal Manager of:** — Financière Herschel SARL – Non-Group — Chargeurs Boissy SARL – Group **Director of:** — EMC2SAS – Non-Group — CMI SA* – Group **Permanent representative of:** — Chargeurs Textiles SAS on the Board of Directors of Chargeurs Films de Protection SA – Group **Member of:** — Association Le Millénaire – Non-Group Other directorships and positions held in the last five years **Chairman of:** — Colombus Family Holding SAS (2015) – Non-Group **Director of:** — Novacel Belgium NV (2017) – Group

* *listed company*

Name Directorship and other positions held in Chargeurs, date term expires	Directorships and other positions held in other companies
Colombus Holding SAS Head office: 55, avenue Marceau 75116 Paris, France **Director** **Permanent representative on the Board of Directors:** **Nicolas Urbain, member of the Compensation Committee** Current term expires at at the Annual General Meeting to be held in 2019	
Profile Nicolas Urbain is currently Chief Executive Officer of EFFICAP II. He holds a post-graduate degree in corporate and tax law from Paris II University and is a certified public accountant. Mr. Urbain has worked for Clinvest in both Paris and New York and has served in various management positions at companies in the pharmaceutical, services and real estate industries. He has also been a financial engineering consultant. Business address: 112, avenue Kléber - 75116 Paris	Directorships and positions held **Chief Executive Officer of:** — EFFICAP II – Non-Group **Chairman of the Board of Directors of:** — Financière Sicomax SA* – Non-Group — Outside Living Industries SA* – Non-Group **Chair of:** — "ID" Immobilier Développement SAS – Non-Group **Legal Manager of:** — CDB Finances SARL* – Non-Group Other directorships and positions held in the last five years — None
Isabelle Guichot **Independent director and Chair of the Audit Committee** Current term expires at the Annual General Meeting to be held in 2019	
Profile A graduate of HEC Business School, Isabelle Guichot began her career at Cartier International where she held the following posts: Project Manager at Cartier Incorporated in New York (1988-89) and then Vice Secretary General (1989-91); Sales Director at Cartier International (1992-95), Chief Executive Officer of Cartier SA France (1996-99), President and Chief Executive Officer of Van Cleef & Arpels International (1999-2005) and Lancel (2003-2005). She subsequently served in the following posts in the Pinault Printemps Redoute (PPR) group: Development Director at Gucci Group (2005-07), President and Chief Executive Officer of Sergio Rossi (2005-07) and President and Chief Executive Officer of Balenciaga SA (2007-17). She was also a member of the Board of Directors of the Kering Foundation. Honor: Ms. Guichot has been named a Knight of the French Legion of Honor and of the French National Order of Merit. Awards: She won the *Femme en Or* Whirlpool Trophy in 2003 and 2004 and the *Trofémina* Siemens prize in 2005. Business address: 24 Rue du Mail - 75002 Paris	Directorships and positions held **Chief Executive Officer of:** — Maje SAS – Non-Group Other directorships and positions held in the last five years **Chairman and Chief Executive Officer of:** — Balenciaga SA (2017) – Non-Group **Chair of:** — Arcades Ponthieu SAS (France) (2017) – Non-Group — Balenciaga Retail Italia (2017) – Non-Group — Balenciaga Spain (2017) – Non-Group — Balenciaga America (2017) – Non-Group **Director of:** — The Kering Foundation (2017) – Non-Group — Balenciaga UK (2017) – Non-Group — Balenciaga Asia Pacific Limited (HK) (2017) – Non-Group — Balenciaga Asia Pacific Limited (Taiwan Branch) (2017) – Non-Group — Balenciaga Korea (2017) – Non-Group — Balenciaga Japan (2017) – Non-Group **Legal Manager of:** — Balenciaga Fashion Shanghai (China) (2017) – Non-Group **Acting director of:** — Balenciaga Logistica (Switzerland) (2017) – Non-Group — Chair of the Compensation Committee — Chargeurs SA* – Group

* *listed company*

Non-voting Director (censeur)

Name Directorship and other positions held in Chargeurs, date term expires	Directorships and other positions held in other companies
Georges Ralli **Non-voting director** Current term expires at the Annual General Meeting to be held in 2019	

Profile

Georges Ralli holds a post-graduate diploma in banking and finance from the University of Paris-V, and is a graduate of Institut d'études politiques de Paris (economics and finance option) and the Institut commercial in Nancy. He joined Crédit Lyonnais in 1970 where he served in a number of management positions until 1981 (General Accounting Research department responsible for monitoring statutory ratios and consolidation procedures for the Group – Alsace Regional Head Office in charge of corporate customers – Financial Affairs department responsible for the primary equity market business).

In 1982, he became Secretary to the Commission for Savings Development and Protection, then, from 1982 to 1985, managed the Financial Negotiations department of Crédit du Nord (primary equity and bond markets, mergers and acquisitions, proprietary investment).

He joined Lazard in 1986 to help develop its primary equity market business.

In 1989, he moved to the mergers and acquisitions department. He became managing partner in 1993 and was appointed as co-head of mergers and acquisitions at Lazard LLC in 1999. From 2000 to 2012, George Ralli was Managing Director and Deputy Chairman of the Executive Committee of Lazard LLC (USA).

At the same time, he headed up its French branch (Maison Française) until 2009. Until 2012, he was President of the European mergers and acquisitions activities (Maison Lazard) and European asset management and private banking businesses activities (Lazard Frères Gestion and Lazard Wealth Management Europe).

Currently, he is both shareholder and legal manager of IPF Partners, an investment fund specialized in the healthcare sector.

Business address: IPF Partners – 8 rue Toepffer
1206 Geneva, Switzerland

Directorships and positions held

Vice-Chairman and member of the Board of Directors and Chairman of the Audit Committee of:
- Carrefour* – Non-Group

Legal Manager of:
- IPF Management 1 SARL (Luxembourg) – Non-Group
- IPF Partners SARL (Switzerland) – Non-Group
- Kampos Sarl (Switzerland) – Non-Group

Director and Chairman of the Audit, Risks and Sustainable Development Committee of:
- ICADE SA* – Non-Group

Director of:
- Quadrature Investment Managers – Non-Group

Other directorships and positions held in the last five years

- **President of Maison Lazard SAS** (term expired: 2012) – Non-Group
- **Chairman of Lazard Frères Gestion SAS *** (term expired: 2012) – Non-Group
- **Managing Partner of Compagnie Financière Lazard Frères SAS** (term expired: 2012) – Non-Group
- **Managing Partner of Lazard Frères SAS*** (term expired: 2012) – Non-Group
- **Managing Partner of Lazard Frères Gestion SAS*** (term expired: 2012) – Non-Group
- **Member of the Supervisory Board of VLGI SAS*** (term expired: 2012) – Non-Group
- **Vice-Chairman and Chief Executive Officer of Lazard Group LLC*** (United States) (term expired: 2012) – Non-Group
- **Chief Executive of the European Investment Banking Business of Lazard** (USA) (term expired: 2012) – Non-Group
- **Co-Chairman of the European Investment Banking Committee of Lazard** (USA) (term expired: 2012) – Non-Group
- **Chairman of the Board of Managers of Lazard Wealth Management Europe SARL** (Luxembourg) (term expired: 2012) – Non-Group
- **Chairman of the Advisory Board of Lazard GmbH** (Switzerland) (term expired: 2012) – Non-Group
- **Member of LFCM Holdings LLC** (USA) (term expired: 2012) – Non-Group
- **Member of the Advisory Committee of Lazard BV** (Belgium) (term expired: 2012) – Non-Group
- **Member of the European Advisory Board of Lazard*** (USA) (term expired: 2012) – Non-Group
- **Director of Lazard Wealth Management Holding SL** (Spain) (term expired: 2012) – Non-Group
- **Director of LAZ-MD Holding LLC*** (USA) (term expired: 2012) – Non-Group
- **Director of Lazard Aserores Financieros SA*** (Spain) (term expired: 2012) – Non-Group
- **Director of Lazard AB** (Sweden) (term expired: 2012) – Non-Group
- **Director of Lazard & Co Srl** (Italy) (term expired: 2012) – Non-Group
- **Director of Lazard Investments Srl** (Italy) (term expired: 2012) – Non-Group
- **Director of SILIC SA** (term expired: 2013) – Non-Group
- **Director of Veolia Environnement*** (term expired: 2015) – Non-Group
- **Director, member of the Audit Committee and Chairman of the Compensation Committee of Chargeurs SA*** (term expired: 2016) – Group

* *listed company*

Director re-elected at the April 20, 2017 Annual General Meeting

Name

Emmanuel Coquoin

Chargeurs shares held: None
Date of birth: December 31, 1961

Director and member of the Audit Committee

Profile

For the last eight years, Emmanuel Coquoin has been Investment Director at Habert Dassault Finance.

He is a graduate of IEP Paris and holds an MBA from INSEAD.

He began his career at Barclays Bank, Paris as an analyst and subsequently worked in the Corporate Finance division in London as an Associate Director.

Business address: 112, avenue Kléber - 75116 Paris

Directorships and positions held

Investment Director at:

- Habert Dassault Finance – Non-Group

Director of:

- I-Ten SA – Non-Group
- Atsuke – Non-Group
- Relaxnews – Non-Group

Other directorships and positions held in the last five years

Non-executive director of:

- Geary LSF* – Non-Group

Director elected at the April 20, 2017 Annual General Meeting

Name

Cécilia Ragueneau

Chargeurs shares held: None
Date of birth: May 22, 1973

Independent director and Chair of the Compensation Committee

Profile

Cécilia Ragueneau holds a Master's Degree in International Business (European Business School), a post-graduate degree in Marketing Studies (University Paris I-Panthéon Sorbonne) and an Executive MBA from the European Institute Of Business Administration (INSEAD – VIVENDI Talents program).

She began her career as a Head of Studies at Cofremca-Sociovision (1995-2000), before joining the Canal+ group in 2000 where she served as Group Marketing Manager (2000-2003), Executive Director of Group Studies (2003-2005), CANAL+ Executive Director of Channel Marketing (2005-2008), CANAL+ Director of New Channel Content (2008-2011) and Chief Executive Officer of i>TÉLÉ (2011-2015).

In 2017, she became Chief Executive Officer of RMC.

Business address: 12, rue d'Oradour sur Glane - 75015 Paris

Directorships and positions held

Chief Executive Officer of:

- RMC – Non-Group

Other directorships and positions held in the last five years

Chief Executive Officer of:

- iTÉLÉ (2011-2015) – Non-Group

* *listed company*

Director whose term of office expired on April 20, 2017

Name	
Catherine Sabouret **Director and Chair of the Audit Committee** Current term expires at April 27, 2017	
Profile Catherine Sabouret graduated from ESSEC Business School and has spent her entire career as an auditor at PwC. She began as a junior auditor in 1977 and then worked in the Melbourne office and became specialized in IT audits. She was made a partner in 1988 and served in this role and as a statutory auditor until June 30, 2013. As well as working as an auditor she held the position of Human Resources Director between 1989 and 1998 and from 2001 to 2009 she chaired the Supervisory Board of PwC Audit in France. Catherine Sabouret is a member of the national bureau of the accountants' trade union in France (IFEC) and of the Professional Standards Committee of the French National Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes). She was also a member of the French Auditors' Oversight Body (H3C).	Directorships and positions held **Director of:** — Banimmo Other directorships and positions held in the last five years **Member, as a statutory auditor, of:** — The French Auditors' Oversight Body (H3C) (2016)

* *listed company*

4.5. REMUNERATION PAYABLE TO THE GROUP'S DIRECTORS AND OFFICERS

The Chairman and Chief Executive Officer's compensation package is set by the Board of Directors based on the recommendations of the Compensation Committee. His compensation package for 2017, which is being put to the shareholders' vote and is described below, was set by the Board at its December 7, 2016 and March 8, 2017 meetings based on the Compensation Committee's recommendations, and was approved by the Annual General Meeting of April 20, 2017.

In accordance with the disclosure requirements of paragraph two of article L. 225-37-2 of the French Commercial Code and the September 2016 version of the MiddleNext Code, a table is provided below detailing the compensation due and paid to the Chairman and Chief Executive Officer for fiscal 2016, 2015 and 2014.

COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR 2016

The Chairman and Chief Executive Officer does not have an employment contract.

The Chairman and Chief Executive Officer’s compensation for 2016 was set by the Board of Directors based on the recommendation of the Compensation Committee.

It comprises a fixed component and a variable component.

When the new Chairman and Chief Executive Officer took up his post following the change in the Group's governance structure in 2015, and in connection with the launch of the Chargeurs' "Performance, Discipline, Ambitions" plan, he suggested that the costs related to his office should be tightly controlled.

In respect of 2016, the basic fixed compensation paid to the Chairman and Chief Executive Officer was set at €375,000 (gross), representing a 31% decrease compared with the aggregate annual fixed compensation paid separately to the Chairman and the Chief Executive Officer under the previous governance structure.

The Chairman and Chief Executive Officer's variable compensation is contingent on the achievement of quantitative and qualitative objectives, which are appropriately weighted, at 60% and 40% respectively. In 2016, the Chairman and Chief Executive Officer was eligible for 100% of his basic variable compensation (representing 50% of the amount of his fixed compensation) in view of (i) the triggering threshold being met for the quantitative objectives (notably for consolidated recurring operating profit), and (ii) the success of the strategies implemented under the "Performance, Discipline, Ambitions" plan. He was also eligible for three additional amounts of variable compensation for 2016. First, due to the outperformance of targets set for the "Performance, Discipline, Ambitions" plan and to the fact that the quantitative objectives were largely exceeded despite the volatile general economic context. Second, as a result of Chargeurs' share performance as the share price jumped 80.7% between January 1, 2016 and December 31, 2016. And lastly, following the success of the Group's first ever Euro PP private placement, which raised €57 million in seven-year financing with very attractive interest rates, the Board awarded the Chairman and Chief Executive Officer a €50,000 special bonus based on the recommendation of the Compensation Committee.

The Chairman and Chief Executive Officer's total variable compensation for 2016 came to a gross amount of €535,500, which is still lower than the amount paid under the previous governance structure, despite the fact that the Group's recurring operating profit and profit for the year rose by 27% and 63% respectively.

The Chairman and Chief Executive Officer received gross compensation of €40,000 for his corporate officer duties in Group subsidiaries in 2016, but at his request he was not paid any directors' fees in respect of his role as a member of the Board of Directors of Chargeurs SA. Also at his request, he has not been granted any stock options or free shares, he is not a member of a supplementary pension plan and he does not receive any benefits in kind such as a Company car.

COMPENSATION AND BENEFITS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR 2017

The Chairman and Chief Executive Officer does not hold an employment contract (as was the case in 2016 and 2015).

His compensation for 2017 was set by the Board of Directors based on the recommendation of the Compensation Committee (as was the case in 2015 and 2016).

The amount set takes into account the same concern for financial discipline as in 2015 and 2016 and is once again lower than the total paid under the Company's previous governance structure.

The Chairman and Chief Executive Officer's compensation for 2017 comprises a fixed component and a variable component.

BASIC FIXED COMPENSATION

The Group's policy is to ensure that it carefully controls the fixed component of the Chairman and Chief Executive Officer's compensation.

In view of the excellent performances delivered in 2015 and 2016 and given that the 2016 compensation related to the exceptional event of new governance team being put in place, the Chairman and Chief Executive Officer's basic fixed compensation was set at €450,000 (gross) for 2017, representing an increase of 20% compared to the fixed component of €375,000 (gross) in 2016. In line with the objectives of the "Performance, Discipline, Ambition" plan, this amount is 18% lower than the aggregate annual basic fixed compensation paid under the previous governance structure.

VARIABLE COMPENSATION

The Chairman and Chief Executive Officer's variable compensation for 2017 will be contingent on the following three types of objectives:

- financial objectives, based on the Group's financial performance, particularly consolidated recurring operating profit;
- individual non-financial objectives, based on successful implementation of key strategic long-term actions as assessed by the Compensation Committee;
- a shareholder return objective, measured on the basis of the following two criteria which each count for 50% of this objective: (i) Chargeurs SA's share performance between the beginning and end of the year concerned (based on the average closing share price for the last twenty trading days of the year compared with the average closing price for the first twenty trading days of the year), and (ii) the amount of dividends paid during the year divided by the average closing share price for the first twenty trading days of the year. This objective is directly linked to shareholders' immediate interests.

The Chairman and Chief Executive Officer's variable compensation for 2017 will therefore be based on quantitative and qualitative objectives, which are appropriately weighted, at 60% and 40% respectively and based on the three aforementioned criteria. If the pre-defined threshold related to the Group's financial performance is fully reached and the qualitative objectives related to the Group's strategic actions are met, as assessed by the Compensation Committee, the Chairman and Chief Executive Officer will be eligible for 100% of his basic variable compensation, which represents 50% of the amount of his basic fixed compensation. He may also receive an additional amount of variable compensation if the applicable financial objectives are outperformed. Lastly, the Board of Directors may award the Chairman and Chief Executive Officer special bonuses in the event of successful strategic transactions. The total amount of his variable compensation for 2017 is capped at 150% of his basic fixed compensation.

Even if all of his objectives were exceeded and the above cap reached, the Chairman and Chief Executive Officer's total compensation would remain lower than that paid under the previous governance structure in spite of significantly higher comparative performance levels.

The qualitative objectives applicable to the Chairman and Chief Executive Officer's variable compensation for 2017 are based on the following three action areas (each of which have an equal weighting):

- Implementing the Group's strategy and using its resources in such a way as to enhance its efficiency and effectiveness.
- Modernizing the Group's organizational structure and international talent management policy.
- Putting in place a new digital strategy for the Group.

PAYMENT OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S VARIABLE COMPENSATION

The Chairman and Chief Executive Officer's variable compensation, calculated on the basis of the final audited annual financial statements, will be paid after the Annual General Meeting held to approve the financial statements for 2017.

DIRECTORS' FEES

At his request, the Chairman and Chief Executive Officer does not receive any directors' fees for his roles and responsibilities as Chairman of the Board of Directors as set in the Company's bylaws (i.e. in relation to organizing the Board's work and operating procedures). In 2017, he will receive a gross amount of €60,000 for corporate officer duties in Group subsidiaries but, as in 2016, at his request he will not receive any directors' fees in respect of his role as a member of the Board of Directors of Chargeurs SA. The Chairman and Chief Executive Officer does not receive any benefits in kind such as a Company car.

BENEFITS IN KIND

In 2017, the Chairman and Chief Executive Officer will be eligible for the welfare and professional travel insurance plan set up for Group employees. The Company has also taken out an unemployment insurance policy on his behalf for which the contributions (representing an annual amount of €22,000) are subject to payroll taxes and are therefore accounted for as a benefit in kind. At his request, the Chairman and Chief Executive Officer has not been granted any stock options or free shares and he is not a member of a supplementary pension plan.

The tables below are based on the templates provided by the AMF in its recommendation dated December 22, 2008 (no. 2009-16, as amended on December 17, 2013, December 5, 2014 and April 13, 2015) and the table numbers used are the same as in those templates. Based on the definitions provided in this recommendation, in Chargeurs' case "directors" refers to members of the Board of Directors and "executive directors" refers to Chargeurs' Chairman and Chief Executive Officer.

Table 1: "*Summary table of compensation and stock options and free shares granted to each executive director*". Chargeurs' executive director did not receive any multi-annual compensation, stock options or free shares in the years presented. The details of all of his compensation are provided in Table 2 below.

As no stock options or free shares have been granted, the following tables are not applicable in this Registration Document:

- Table 4: "Stock options granted during the year to each director by the issuer or any other Group company".
- Table 5: "Stock options exercised during the year by each executive director".
- Table 6: "Free shares granted to each director".
- Table 7: "Free shares that became available during the year for each director".
- Table 8: "Summary of stock option plans".
- Table 9: "Stock options granted to and exercised by the ten employees (not directors of the Company) who received the greatest number of stock options".
- Table 10: "Summary of free share plans".

TABLE 2: COMPENSATION AWARDED TO EACH EXECUTIVE DIRECTOR

Michaël Fribourg, Chairman and Chief Executive Officer	Fiscal 2014		Fiscal 2015 (from Oct. 30, 2015 through Dec. 31, 2015)		Fiscal 2016	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	N/A	N/A	€63,920	€63,920	€375,000	€375,000
Annual variable compensation	N/A	N/A	€31,960	N/A	€485,500*	€31,960
Compensation for corporate officer positions in other Group companies	N/A	N/A	N/A	N/A	€40,000	€40,000
Benefits in kind	N/A	N/A	N/A	N/A	€15,921	€15,921
Special bonus	N/A	N/A	N/A	N/A	€50,000**	€50,000**
TOTAL	**N/A**	**N/A**	**€95,880**	**€63,920**	**€966,421**	**€512,881**

* *The variable compensation of €485,500 due for 2016 was paid during 2017.*
** *Relates to a special bonus paid following the success of the Euro PP private placement with very attractive interest rates.*

Eduardo Malone, Chairman of the Board of Directors	Fiscal 2014		Fiscal 2015 (from Jan. 1, 2015 through Oct. 30, 2015)		Fiscal 2016	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€353,058*	€353,058*	€125,000**	€125,000**	N/A	N/A
Annual variable compensation	€50,000	€50,000	N/A	N/A	N/A	N/A
Compensation for corporate officer positions in other Group companies	€91,469	€91,469	€6,850	€6,850	N/A	N/A
Company car	€2,085	€2,085	N/A	N/A	N/A	N/A
Special bonus	€350,000	€350,000	N/A	N/A	N/A	N/A
Retirement bonus	€383,408	€383,408	N/A	N/A	N/A	N/A
TOTAL	**€1,230,020**	**€1,230,020**	**€131,850**	**€131,850**	**N/A**	**N/A**

* *Including €25,000 in compensation paid under a service agreement with Sofi Emy.*
** *Corresponding to the compensation paid under the service agreement between Chargeurs Boissy and Sofi Emy.*

Martine Odillard, Managing Director	Fiscal 2014		Fiscal 2015 (from Jan. 1, 2015 through Oct. 30, 2015)		Fiscal 2016	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€522,619	€522,619	€550,000*	€550,000*	N/A	N/A
Annual variable compensation	€396,838	€193,552	€540,000	€936,838	N/A	N/A
Compensation for corporate officer positions in other Group companies	€11,575	€11,575	N/A	N/A	N/A	N/A
Company car	€6,577	€6,577	€6,577**	€6,577**	N/A	N/A
Settlement indemnity	N/A	N/A	€1,600,000	N/A	N/A	€1,600,000
Paid vacation indemnity	N/A	N/A	€15,833	N/A	N/A	€15,833
2 months' notice payment	N/A	N/A	€67,489	N/A	N/A	€67,489
TOTAL	**€937,609**	**€734,323**	**€2,779,899**	**€1,493,415**	**N/A**	**€1,683,322**

* *€550,000 breaking down as €458,333 for her duties as Chargeurs' Managing Director (from January 1, 2015 through October 30, 2015) and €91,667 for her position as an employee of Chargeurs Boissy (from October 31, 2015 through December 31, 2015).*
** *€6,577 breaking down as €5,481 for the company car provided in her role as Chargeurs' Managing Director (from January 1, 2015 through October 30, 2015) and €1,096 for her role as an employee of Chargeurs Boissy (from October 31, 2015 through December 31, 2015).*

The annual amount of directors' fees was set by shareholders at the April 20, 2017 Annual General Meeting. The Board of Directors, acting on the recommendation of the Compensation Committee, asked shareholders to set at €300,000 the total fees payable to directors for the current year and all subsequent years until a new amount is set at an Annual General Meeting.

The rise in this amount from €200,000 previously to €300,000 reflects the increased workload of the Board and its two Board Committees and the resulting higher level of commitments and responsibilities required of their members.

The Board met nine times in 2016 compared with six in 2015 (when two additional meetings were held in view of the change in the Company's governance structure in October 2015).

In accordance with the Board's Rules of Procedure, the allocation of directors' fees to Board members is primarily based on their actual attendance at Board and Committee meetings. As recommended in the MiddleNext Corporate Governance code, a summary table is provided below of the fees paid in previous years to the Company's directors (who did not receive any other form of compensation from the Company). The Chairman and Chief Executive Officer does not receive directors' fees from Chargeurs SA.

TABLE 3: DIRECTORS FEES (AND OTHER COMPENSATION) RECEIVED BY NON-EXECUTIVE DIRECTORS

Emmanuel Coquoin	Amount due for 2014	Amount due for 2015 (from Oct. 30, 2015 through Dec. 31, 2015)	Amount due for 2016
Directors' fees	N/A	€2,740	€48,780
Other compensation	N/A	N/A	N/A
TOTAL	**N/A**	**€2,740**	**€48,780**

Isabelle Guichot	Amount due for 2014	Amount due for 2015	Amount due for 2016
Directors' fees	N/A	N/A	€29,268
Other compensation	N/A	N/A	N/A
TOTAL	**N/A**	**N/A**	**€29,268**

Catherine Sabouret	Amount due for 2014 (from April 30, 2014 through Dec. 31, 2014)	Amount due for 2015	Amount due for 2016
Directors' fees	€7,500	€13,700	€48,780
Other compensation	N/A	N/A	N/A
TOTAL	**€7,500**	**€13,700**	**€48,780**

Nicolas Urbain (Non-director member of the Compensation Committee)	Amount due for 2014	Amount due for 2015 (from Oct. 30, 2015 through Dec. 31, 2015)	Amount due for 2016
Directors' fees	N/A	€2,500	€43,902
Other compensation	N/A	N/A	N/A
TOTAL	**N/A**	**€2,500**	**€43,902**

Georges Ralli Non-voting director *(censeur)*	Amount due for 2014	Amount due for 2015	Amount due for 2016
Directors' fees	€10,000	€13,700	€29,268
Other compensation	N/A	N/A	N/A
TOTAL	**€10,000**	**€13,700**	**€29,268**

Jérôme Seydoux	Amount due for 2014	Amount due for 2015 (from Jan. 1, 2015 through Oct. 30, 2015)	Amount due for 2016
Directors' fees	€10,000	€5,480	N/A
Other compensation	N/A	N/A	N/A
TOTAL	**€10,000**	**€5,480**	**N/A**

Giuseppe Pirola	Amount due for 2014 (from Jan. 1, 2014 through April 30, 2014)	Amount due for 2015	Amount due for 2016
Directors' fees	€2,275	N/A	N/A
Other compensation	N/A	N/A	N/A
TOTAL	**€2,275**	**N/A**	**N/A**

TABLE 11: SUMMARY TABLE OF EXECUTIVE DIRECTORS' INDEMNITIES AND BENEFITS

	Employment contract	Supplementary pension plan	Non-compete clause indemnity	Termination benefit(1)
Michaël Fribourg Chairman and Chief Executive Officer, Chargeurs First appointed: Oct. 30, 2015 Board meeting Current term expires 2020 Board meeting Director of: First appointed: Oct. 30, 2015 Board meeting Current term expires 2018 AGM	No	No	Yes*	Yes**

* *In view of his roles and responsibilities, Michaël Fribourg has daily access to confidential information about the Company and other Group entities, as well as their clients, which, if disclosed to competitors, could severely harm the Company's interests. Consequently, Mr. Fribourg has given an undertaking that if his duties as either Chief Executive Officer or as Chairman and Chief Executive Officer are terminated (irrespective of the reasons therefore and manner thereof), he will refrain for a period of two years from entering into the service of, or taking any form of direct or indirect interest in, any entity whose business activities compete with those of the Chargeurs Group. This undertaking applies in the main countries where the Group has premises or an operating presence. As consideration, if Michaël Fribourg leaves office or his roles of Chairman and Chief Executive Officer are separated, the Company will pay him a non-compete indemnity equal to his total gross compensation for the last full fiscal year. For the purpose of calculating this indemnity, total gross compensation corresponds to his basic fixed compensation (including the directors' fees received for the directorships he holds in Group companies) and the full amount of his variable compensation received for the last full fiscal year.*

** *Pursuant to this agreement, if Michaël Fribourg is removed from office or his term of office is not renewed for whatever reason (including in the event of a transformation, a change in governance structure, the separation of the roles of Chairman and Chief Executive Officer, or a merger), except in the event of gross negligence or serious misconduct (within the meaning of French case law), or if he resigns from his office of Chairman and Chief Executive Officer within the Company, Michaël Fribourg will receive an indemnity equal to his total gross compensation received for the last full fiscal year. For the purpose of calculating this benefit, total gross compensation corresponds to his basic fixed compensation (including the directors' fees received for his corporate officer positions in Group companies) and the full amount of his variable compensation received for the last full fiscal year. In accordance with article L. 225-42-1 of the French Commercial Code, the payment of this indemnity is contingent on reaching, during the last full fiscal year, the quantitative objectives for Michaël Fribourg's variable compensation.*

(1) *Michaël Fribourg's termination benefit is applicable as from 2017.*

2017 free share plan

During 2017, Chargeurs launched a free share plan for selected Group employees. The shares granted under this plan will only vest if certain pre-defined individual quantitative and qualitative targets are met. The details of the plan were described in a press release dated July 28, 2017 (set out below).

Press release dated July 28, 2017:

Chargeurs' Extraordinary General Meeting which met on April 20, 2017, authorized, by virtue of its twentieth resolution and in accordance with Articles 225-197-1 *et seq.* of the French Commercial Code, that the Board of Directors grant, on one or more occasions, existing or new Chargeurs shares free of consideration to beneficiaries selected by the Board from among the employees and/or officers of the Company or of entities or groupings affiliated to the company within the meaning of Article L. 225-197-2 of the French Commercial Code, subject to a global cap of 1% of the company's issued capital on April 20, 2017.

Following this authorization, the Board of Directors opted, on July 20, 2017, to allocate, subject to performance criteria, a total of 31,400 shares, i.e., 0.14% of the capital of the Company to key executive personnel who play a direct role in Chargeurs' strategy to speed the pace of business growth. The shares in question will be subject to a vesting period of one year and a lock-up period of one year from their final grant date. At his own request, the Chairman and Chief Executive Officer will not benefit from the present share grants.

4.6. CODE OF CONDUCT

Chargeurs has committed to a number of international human rights standards currently in force, including:

- the Universal Declaration of Human Rights;
- the United Nations (UN) Global Compact;
- the United Nations Guiding Principles on Business and Human Rights;
- the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises;
- the International Labour Organization (ILO) Conventions.

In 2017, Chargeurs decided to strengthen its commitment by pledging to support the United Nations Global Compact and its ten universally accepted principles, namely that businesses:

1. support and respect the protection of internationally proclaimed human rights;
2. ensure they are not complicit in human rights abuses;
3. uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. uphold the elimination of all forms of forced and compulsory labor;
5. uphold the effective abolition of child labor;
6. uphold the elimination of discrimination in respect of employment and occupation;
7. support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility;
9. encourage the development and diffusion of environmentally friendly technologies;
10. work against corruption in all its forms, including extortion and bribery.

To mark the occasion, Chargeurs has grouped together all of the values and principles held by the Group and has formally enshrined them in its code of conduct in order to raise awareness and encourage everyone to apply them in full.

The code of conduct is available on Chargeurs' website at www.chargeurs.fr

5

FINANCIAL AND ACCOUNTING INFORMATION

5.1. THE GROUP'S 2016 CONSOLIDATED FINANCIAL STATEMENTS

5.1.1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Consolidated Income Statement

(in euro millions)	Note	Year ended December 31 2016	2015
Revenue	**4**	**506.4**	**498.7**
Cost of sales		(376.4)	(378.2)
Gross profit		**130.0**	**120.5**
Distribution costs		(54.8)	(53.9)
Administrative expenses		(32.6)	(32.1)
Research and development costs		(3.7)	(3.9)
Recurring operating profit		**38.9**	**30.6**
Other operating income	5	-	0.2
Other operating expense	5	(5.0)	(6.8)
Operating profit		**33.9**	**24.0**
Finance costs, net		(4.3)	(3.5)
Other financial expense		(1.5)	(2.3)
Other financial income		3.8	0.5
Net financial expense	**7**	**(2.0)**	**(5.3)**
Share of profit/(loss) of equity-accounted investees	13	(2.0)	(10.7)
Pre-tax profit for the period		**29.9**	**8.0**
Income tax expense	8	(4.9)	7.5
Profit from continuing operations		**25.0**	**15.5**
Profit/(loss) from discontinued operations		-	-
PROFIT FOR THE PERIOD		**25.0**	**15.5**
ATTRIBUTABLE TO OWNERS OF THE PARENT		**25.0**	**15.3**
Attributable to non-controlling interests		-	0.2
Earnings per share *(in euros)*	9	1.09	0.78
Diluted earnings per share *(in euros)*	9	1.09	0.78

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

Consolidated statement of comprehensive income

(in euro millions)	Note	Year ended December 31 2016	2015
Profit for the period		**25.0**	**15.5**
Exchange differences on translating foreign operations		(4.5)	10.2
Cash flow hedges		(0.7)	0.7
Total items that may be reclassified subsequently to profit or loss		**(5.2)**	**10.9**
Other components of other comprehensive income		0.2	0.8
Actuarial gains and losses on post-employment benefit obligations	18	(1.7)	0.8
Income tax on items that will not be reclassified to profit or loss		-	(0.1)
Total items that will not be reclassified to profit or loss		**(1.5)**	**1.5**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(6.7)**	**12.4**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**18.3**	**27.9**
Attributable to:			
Owners of the parent		19.5	27.5
Non-controlling interests		(1.2)	0.4

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

Consolidated statement of financial position

(in euro millions)

ASSETS

	Note	Dec. 31, 2016	Dec. 31, 2015
Non-current assets			
Intangible assets	10	92.1	78.5
Property, plant and equipment	11	61.8	55.9
Investments in associates and joint ventures	13	14.9	18.1
Deferred tax assets	8	29.0	27.1
Non-current financial assets		2.4	2.1
Other non-current assets		0.5	0.5
		200.7	**182.2**
Current assets			
Inventories and work-in-progress	15	105.4	101.0
Trade receivables	15	47.3	44.6
Factored receivables(1)		50.7	48.9
Derivative financial instruments	15	0.5	1.1
Other receivables	15	23.0	23.6
Current income tax receivables	15	2.2	1.3
Cash and cash equivalents	17	161.5	97.7
		390.6	**318.2**
Assets held for sale		-	-
TOTAL ASSETS		**591.3**	**500.4**

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

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

EQUITY AND LIABILITIES

	Note	Dec. 31, 2016	Dec. 31, 2015
Equity			
Attributable to owners of the parent	**16**	**227.3**	**219.3**
Non-controlling interests		-	3.1
TOTAL EQUITY		**227.3**	**222.4**
Non-current liabilities			
Long-term borrowings	17	133.1	49.1
Pension and other post-employment benefit obligations	18	16.7	14.6
Provisions	19	0.5	0.7
Other non-current liabilities	20	3.1	8.1
		153.4	**72.5**
Current liabilities			
Trade payables	15	91.3	90.6
Other payables	15	39.7	38.9
Factoring liabilities(1)		50.7	48.9
Current income tax liability	15	1.9	1.5
Derivative financial instruments	15	1.8	0.3
Short-term portion of long-term borrowings	17	8.1	8.6
Short-term bank loans and overdrafts	17	17.1	16.7
		210.6	**205.5**
Liabilities related to assets held for sale		**-**	**-**
TOTAL EQUITY AND LIABILITIES		**591.3**	**500.4**

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

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

Consolidated Statement of Cash Flows

(in euro millions)	Note	Year ended December 31 2016	2015
Cash flows from operating activities			
Pre-tax profit of consolidated companies		31.9	18.7
Adjustments to reconcile pre-tax profit to cash generated from operations		6.1	11.3
▪ *Depreciation and amortization expense*	*10 & 11*	*9.9*	*9.7*
▪ *Provisions and pension and other post-employment benefit obligations*		*(1.2)*	*(0.1)*
▪ *Impairment of non-current assets*		*0.6*	*0.3*
▪ *Fair value adjustments*		*0.7*	*(0.2)*
▪ *Impact of discounting*		*0.3*	*1.0*
▪ *(Gains)/losses on sales of investments in non-consolidated companies and other non-current assets*		*(3.6)*	*(0.2)*
▪ *Exchange (gains)/losses on foreign currency receivables and payables*		*(0.6)*	*0.8*
Income tax paid		(8.0)	(5.9)
Cash generated by operations		**30.0**	**24.1**
Dividends from equity-accounted investees	13	0.3	0.3
Change in operating working capital	15	0.8	8.0
Net cash from operating activities		**31.1**	**32.4**
Cash flows from investing activities			
Acquisitions of subsidiaries, net of the cash acquired(1)		(19.7)	-
Proceeds from disposals of subsidiaries		(0.9)	-
Purchases of intangible assets	10	(0.7)	(0.8)
Purchases of property, plant and equipment	11	(10.2)	(13.3)
Proceeds from sales of intangible assets and property, plant and equipment		0.1	0.5
Other movements		0.1	0.7
Net cash from/(used in) investing activities		**(31.3)**	**(12.9)**
Cash flows from financing activities			
Proceeds from issues of shares on conversion of bonds		-	11.9
Bond conversions		-	(11.9)
Returns of capital to minority shareholders of subsidiaries		-	(1.1)
Dividends paid to owners of the parent(2)		(11.5)	(3.2)
Proceeds from new borrowings	17	92.2	17.7
Repayments of borrowings	17	(10.3)	(9.0)
Change in bank overdrafts	17	(0.5)	1.5
Other movements	20	(6.0)	(1.1)
Net cash from/(used in) financing activities		**63.9**	**4.8**
Increase/(decrease) in cash and cash equivalents		**63.7**	**24.3**
Cash and cash equivalents at beginning of period	17	97.7	72.7
Effect of changes in foreign exchange rates on cash and cash equivalents		0.1	0.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**17**	**161.5**	**97.7**

(1) Main Tape's balance sheet did not include any cash or cash equivalents at the balance sheet date.
(2) Including a €4.6 million interim dividend payment for 2016.

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

Consolidated statement of changes in equity

(in euro millions)	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Actuarial gains and losses on post-employment benefit obligations	Treasury stock	Total equity attributable to owners of the parent	Non-controlling interests	Total
AT DECEMBER 31, 2014	**2.6**	**42.2**	**132.8**	**11.4**	**(0.4)**	**(5.8)**	**(0.2)**	**182.6**	**3.8**	**186.4**
Issue of share capital	1.1	10.8						11.9		11.9
Payment of dividends			(3.2)					(3.2)		(3.2)
Profit for the period			15.3					15.3	0.2	15.5
Effect of changes in scope of consolidation(1)			0.5					0.5	(1.1)	(0.6)
Other comprehensive income for the period			0.8	10.0	0.7	0.7		12.2	0.2	12.4
AT DECEMBER 31, 2015	**3.7**	**53.0**	**146.2**	**21.4**	**0.3**	**(5.1)**	**(0.2)**	**219.3**	**3.1**	**222.4**
Payment of dividends(2)			(11.5)					(11.5)		(11.5)
Profit for the period			25.0					25.0		25.0
Effect of changes in scope of consolidation								-	(1.9)	(1.9)
Other comprehensive income for the period			0.2	(3.3)	(0.7)	(1.7)		(5.5)	(1.2)	(6.7)
AT DECEMBER 31, 2016	**3.7**	**53.0**	**159.9**	**18.1**	**(0.4)**	**(6.8)**	**(0.2)**	**227.3**	**-**	**227.3**

(1) Corresponding to the first-time consolidation of Chargeurs Insertii SRL (a Chargeurs Fashion Technologies subsidiary based in Romania), which was previously included in "Investments in non-consolidated companies".
(2) Including a €4.6 million interim dividend payment for 2016.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

In 2016, the Group changed the name of Chargeurs Wool to Chargeurs Luxury Materials.

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

Chargeurs shares are listed on Euronext Paris.

The consolidated financial statements for the year ended December 31, 2016 were approved by the Board of Directors on March 8, 2017 and will be submitted to shareholders for approval on April 20, 2017.

The Board of Directors has decided to ask shareholders at the Annual General Meeting to be held on April 20, 2017 to approve payment of a dividend of €0.55 per share for 2016. A €0.20 interim dividend was paid in September 2016.

1 – Significant events of the year

1.1 Financing

A) EURO PRIVATE PLACEMENT (EURO PP) ISSUE

As part of its overall development strategy, on May 27, 2016 Chargeurs broadened its sources of long-term business finance by negotiating its first-ever Euro private placement (Euro PP), on particularly attractive terms, raising a total of €57.0 million in seven-year financing repayable at maturity.

The Euro PP comprises:

- a €25.0 million private placement notes issue underwritten by the French government-sponsored Novo 1 midcap fund, advised by BNP Paribas Investment Partners and managed by France Titrisation; and
- a €32.0 million bank loan provided and arranged by Landesbank Saar, Bank of China Limited and BRED Banque Populaire.

In the second half of the year, Chargeurs carried out another Euro PP, raising a further €15.0 million in seven-year financing repayable at maturity. This placement was also underwritten by the Novo 1 midcap fund, advised by BNP Paribas Investment Partners and managed by France Titrisation.

B) LINES OF CREDIT

During 2016, Chargeurs obtained several three and five-year confirmed lines of credit for a total of €33.5 million. None of these facilities had been drawn down at December 31, 2016.

Also during the year, the maturity of a €15 million bullet loan obtained from Landesbank Saar was extended from 2018 to 2021.

1.2 Liquidity contract

Rothschild & Cie Banque has been retained to make a market in Chargeurs shares under a liquidity contract that complies with the AMAFI code of ethics approved by the French financial markets authority (Autorité des Marchés Financiers – AMF) on March 21, 2011. The contract came into effect on March 29, 2016 for an automatically renewable one-year term.

1.3 Acquisition of Main Tape

On July 18, 2016, Chargeurs Protective Inc. (a Chargeurs Group subsidiary based in the United States) acquired the entire capital of Main Tape Inc. from Nekoosa Holdings Inc. Based in Cranbury, New Jersey (USA), Main Tape specializes in the design and manufacture of plastic film for temporary surface protection applications. It has developed a comprehensive product and solution offering for industrial customers based primarily in the United States but also in Mexico. In 2015, Main Tape reported revenue of USD27.0 million.

This acquisition will consolidate the market presence, product offering and leadership of Chargeurs Protective Films – the world's leading manufacturer of plastic temporary surface protection films – in both the North American and International markets, by providing additional marketing and manufacturing capacity supported by robust synergies. In addition, the Group will benefit more fully from the effects of macro-economic cycles, thanks to increased capacity in the dollar zone, and will be able to offer a better service to its customers.

The aggregate amount paid for the acquisition was €19.5 million (with no price adjustment clauses).

The recognition of the acquired assets and liabilities at their acquisition-date fair values gave rise to provisional goodwill of €10.9 million.

The main fair value adjustments made related to intangible assets, property, plant and equipment and inventories.

The measurement of the final fair values and resulting goodwill will be completed within twelve months of the acquisition date.

The table below shows the fair values of the acquired assets and liabilities at the acquisition date (July 18, 2016):

(in euro millions)	
Total non-current assets	5.8
Total current assets	7.5
TOTAL ASSETS	**13.3**
Total non-current liabilities	1.5
Total current liabilities	3.2
TOTAL LIABILITIES	**4.7**
FAIR VALUE AT THE ACQUISITION DATE	**8.6**
Purchase price	19.5
PROVISIONAL GOODWILL	**10.9**

Since its consolidation, Main Tape has contributed €11.1 million to the Group's revenue.

1.4 Deconsolidation of Yak

Yak produces and sells chest pieces in China through two subsidiaries, Ningbo Lailong Bertero Interlining Co. Ltd ("Yak Production") and Ningbo Chargeurs Yak Textile Trading ("Yak Trading").

In 2015, the slowdown both in the Chinese economy and in certain markets served by the companies making up the Yak cash-generating unit (CGU) led to an impairment loss being recognized for the total amount of Yak goodwill (see note 13.1).

As part of the strategy to enhance the worldwide profitability of all of the Group's businesses, in the first half of 2016 Chargeurs Fashion Technologies withdrew from the Yak joint ventures, as follows:

- In January 2016, to prepare the withdrawal, Chargeurs Fashion Technologies sold 2% of Ningbo Chargeurs Yak Textile Trading Co. Ltd. to its Chinese partner, reducing its interest to 49% and leading to the Company's 2016 results being reported under "Share of profit/(loss) of equity-accounted investees".
- In June 2016, the Group completed its withdrawal by selling the business to Yak Production's management, with the agreement of its local partner. The gain on the sale has been included in "Other financial income" (see note 7).

Chargeurs Fashion Technologies has retained full title and user rights to the Bertero brand, which has a strong reputation among customers and will be relaunched worldwide.

1.5 Brexit

Chargeurs owns two commercial companies in the United Kingdom, which together account for 2.9% of consolidated revenue. The Group does not expect the United Kingdom's exit from the European Union to have a significant impact on its consolidated financial statements

2 – Summary of significant accounting policies

2.1 Basis of preparation

The 2016 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*).

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.

The consolidated financial statements are presented in millions of Euros.

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

2.2 List of new, revised and amended standards and interpretations

A) NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS WHOSE APPLICATION WAS MANDATORY FOR THE FIRST TIME IN THE YEAR ENDED DECEMBER 31, 2016:

Adopted by the European Union

- Amendments to IAS 1 – Disclosure initiative.
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation.
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations.
- Amendments to IAS 27 – Equity Method in Separate Financial Statements.
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception.
- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions.
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants.

B) NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE PERIODS THAT WERE EARLY ADOPTED BY THE GROUP:

- Amendments to IAS 7 – Disclosure initiative.

C) NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE PERIODS AND NOT EARLY ADOPTED BY THE GROUP:

Adopted by the European Union

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

Not yet adopted by the European Union

- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions.
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses.
- Clarifications to IFRS 15 – Revenue from Contracts with Customers.
- IFRS 16 – Leases.

The Group is currently in the process of analyzing the potential impacts of applying IFRS 9, IFRS 15 and IFRS 16.

2.3 Consolidation methods

A) SUBSIDIARIES

Subsidiaries are all entities that are directly or indirectly controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 deconsolidated from the date that control ceases.

Acquisitions of subsidiaries are accounted for using the acquisition 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. The directly attributable costs of the business combination are recognized as an expense for the period in which they are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values. Goodwill arising on a business combination is measured as the excess of (a) over (b) as follows: (a) the aggregate of: (i) the acquisition-date fair value of the consideration transferred; (ii) the amount of any non-controlling interest in the acquiree (which can be measured either at fair value or based on the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets); (iii) the fair value of any previously held equity interest in the acquiree (as remeasured at the acquisition date with any resulting gain or loss recognized in profit); (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

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

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

Accounting policies of subsidiaries have been aligned with the policies adopted by the Group to ensure consistency.

B) TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Sales of shares to non-controlling interests resulting in a loss of control of the subsidiary give rise to gains and losses for the Group that are recorded in the income statement. Sales of shares to non-controlling interests that do not result in a loss of control are treated as an equity transaction with owners and recognized in the statement of changes in equity.

Acquisitions of additional shares in a subsidiary (above 50%) are recognized in the statement of changes in equity.

C) ASSOCIATES AND JOINT VENTURES

Joint arrangements are arrangements of which Chargeurs and one or more other parties have joint control.

The Group has joint control of an arrangement when decisions about the relevant activities require the unanimous consent of Chargeurs and the other parties sharing control.

The Group has significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the entity but does not have control or joint control of those policies, generally accompanying a shareholding representing between 20% and 50% of the voting rights.

Investments in joint ventures (entities of which the Group has joint control) and associates (entities over which the Group has significant influence) are accounted for by the equity method and are initially recognized at cost. The carrying amount of investments in associates and joint ventures includes goodwill (net of any accumulated impairment losses) identified on acquisition (see note 2.10).

The Group's share of post-acquisition profits or losses of associates and joint ventures is recognized in the income statement, and its share of post-acquisition movements in equity – which have no impact on profit or loss – is recognized directly in equity.

Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture.

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

D) NON-CONSOLIDATED COMPANIES

Distribution companies that have been recently created and/or individually generate less than €3 million in annual revenue are not consolidated.

This threshold may be raised in certain very specific cases, particularly for entities that operate in hyper-inflationary economies.

The effect on equity of including these companies in the scope of consolidation at December 31, 2016 would have been an increase of approximately €0.5 million.

2.4 Operating Segments

An operating segment is a group of assets and operations corresponding to a management unit. Chargeurs' senior management team – which is the Group's chief operating decision maker – has identified four operating segments for the Chargeurs Group:

- "Protective Films", which encompasses activities relating to the temporary protection of surfaces;
- "Fashion Technologies", which corresponds to the Group's technical textile operations;
- "Technical Substrates", which concerns functionalized coated technical substrates;
- "Luxury Materials", which comprises top making and sales of premium combed wool.

The reported segment information also includes a "non-operating" segment that primarily consists of the Group's holding companies.

The Group's segment information is based on the sectors identified above, which are the segments used in the Group's internal reporting system and reported to Chargeurs' senior management team for the purposes of making decisions about allocating resources and assessing performance.

A geographical area 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 has three geographical areas: Europe (including the Group's home market, France), the Americas and Asia (including the Pacific region and Africa).

2.5 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).

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. Gains and losses on foreign currency cash flow hedges are accumulated in equity and 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, under "Other financial income" or "Other financial expense".

C) FOREIGN OPERATIONS

The results and financial position of all Group entities that have a functional currency other than the Euro are translated as follows: (i) items in the statement of financial position 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" or "Non-controlling 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, the exchange differences accumulated in the translation reserve are reclassified to the income statement and taken into account in determining the gain or loss on sale.

2.6 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.

2.7 Recurring operating profit

Recurring operating profit is used by the Group as an indicator of sustainable long-term performance. It is stated before other operating income and expense, which correspond to non-recurring items that represent material amounts, are unusual in nature and occur infrequently, and therefore distort assessments of the Group's underlying performance.

Recurring operating profit corresponds to gross profit after distribution costs, administrative expenses and research and development costs.

2.8 Other operating income and expense

Other operating income and expense include non-recurring items that represent material amounts, are unusual in nature and occur infrequently, with the result that they are difficult to predict. They primarily include restructuring costs, impairment losses and gains and losses on disposal of property, plant and equipment and intangible assets.

2.9 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding, representing the number of shares issued less the average number of Chargeurs shares held by the Company or its subsidiaries.

Depending on the circumstances and financial market conditions at the year-end, the dilutive effect taken into account for the calculation of diluted earnings per share may result from employee stock options, stock warrants and/or convertible bonds. The dilutive instruments concerned are taken into account as from their grant or issue date, except in cases where their exercise price exceeds the market price of Chargeurs shares.

2.10 Intangible assets

A) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the acquisition-date fair value of the Group's share of the net identifiable assets of the acquired subsidiary. Goodwill arising on acquisitions of subsidiaries is included in "Intangible assets".

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Any impairment losses recognized against goodwill are irreversible.

The calculation of gains and losses on the disposal of an entity take into account the carrying amount of any goodwill relating to that entity.

Goodwill arising on acquisitions of associates and joint ventures is recorded under "Investments in associates and joint ventures" and is included in the impairment tests carried out on equity-accounted companies.

B) TRADEMARKS AND LICENSES

Trademarks and licenses are initially recognized at historical cost. They 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 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.

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

E) IMPAIRMENT OF INTANGIBLE ASSETS

Goodwill and other intangible assets with indefinite useful lives are tested for impairment at least once a year and more often where there is an indication that they may be impaired. An impairment loss is recognized if the assets' carrying amount exceeds its recoverable amount (see note 10).

Any impairment losses recognized against goodwill are irreversible.

The carrying amount of goodwill in the consolidated statement of financial position corresponds to the gross amount less any accumulated impairment losses.

2.11 Property, plant and equipment

Property, plant and equipment (other than land) are stated at cost less depreciation and any accumulated impairment losses. Land is not depreciated and is therefore stated at cost less any accumulated impairment losses. Cost comprises the purchase price, capitalized interest and initial fair value adjustments. Capitalized interest corresponds to interest costs, whether on designated loans or on other designated sources of financing, that arise 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 said fair values were used as the assets' deemed cost at that date.

The cost of dismantling and removing old assets or restoring the site on which new assets are located is included in the cost of the new assets.

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.

A) LEASES

Leases that do not transfer to the Group 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 to the Group 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.

B) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Impairment tests are performed whenever there is any internal or external indication that the carrying amount of any items of property, plant or equipment may be impaired.

The Group also carries out annual impairment tests by operating segment which include property, plant and equipment.

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 calculated by comparing the sale proceeds with the carrying amount of the sold asset and are recognized in the income statement.

2.12 Financial assets and liabilities

A) FINANCIAL ASSETS

The Group classifies its financial assets into the categories described below in accordance with IAS 39 and measures them either at fair value through profit or loss or at amortized cost. They are initially recognized at fair value, which generally corresponds to the price paid for the assets concerned, i.e. their transaction price, including any related acquisition costs.

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 reporting date.

Gains and losses relating to these financial assets are recognized in "Other financial income" or "Other financial expense".

The Group's financial assets at fair value through profit or loss primarily correspond to derivative instruments (see note 21).

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 included in non-current assets unless management intends to dispose of them within twelve months of the reporting date. They mainly correspond to investments in non-consolidated companies (see note 14).

The fair value of investments in non-consolidated companies whose shares are quoted in an active market is determined by reference to the quoted market price at the reporting date. Gains and losses arising on fair value remeasurements of these assets are recognized in the statement of comprehensive income (directly in equity). When the financial asset is derecognized any such amounts accumulated in equity are taken to the income statement and included in "Other financial income" or "Other financial expense".

Investments in non-consolidated companies whose shares are not quoted in an active market are stated at cost, which the Group considers corresponds to their fair value. However, an impairment loss is recognized in the event of a prolonged decline in their value in use, 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.

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 reporting date, in which case they are recorded as non-current assets under "Long-term loans and receivables" or "Other non-current assets".

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.

They are recorded under "Long-term loans and receivables" or "Other non-current assets".

B) FINANCIAL LIABILITIES

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

Borrowings and other financial liabilities are generally measured at amortized cost using the effective interest method. Operating liabilities have original maturities of less than one year and are therefore stated at nominal value.

The Group's financial liabilities mainly correspond to borrowings (see note 17), other non-current liabilities, trade payables and other payables in the consolidated statement of financial position.

C) FAIR VALUE DISCLOSURES

IFRS 7 requires companies to disclose the technique used to measure financial instruments at fair value, based on the three levels of inputs introduced in the fair value hierarchy. These are: quoted prices in an active market (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 shows the fair value hierarchy classification for the Group's financial assets measured at fair value. No financial liabilities are measured at fair value other than derivative instruments.

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

2.13 Derivative instruments and hedges

The Group uses derivatives to hedge its exposure to currency risks (see note 21). All derivative instruments are recognized in the statement of financial position at fair value, irrespective of whether that fair value is positive or negative.

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 initially recorded in other comprehensive income 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 classified as held for trading are recognized immediately in the income statement.

2.14 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.

2.15 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.

Turnover and obsolescence of inventories are analyzed by segment and category of inventory in order to determine the appropriate level of impairment.

2.16 Trade receivables

Trade receivables are initially recognized 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 recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the transaction. Indications that a receivable may be impaired include significant financial difficulties encountered by the debtor, the probability of the debtor filing for bankruptcy or a financial restructuring, a risk of default or a missed payment. 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".

2.17 Cash and cash equivalents

Cash and cash equivalents analyzed in the statement of cash flows 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 changes in value.

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

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

2.18 Assets held for sale and discontinued operations

A) ASSETS HELD FOR SALE

Non-current assets are classified as held for sale and presented on a separate line of the statement of financial position when (i) the Group has made a decision to sell the asset(s) concerned, (ii) the sale is considered to be highly probable, and (iii) the sale is expected to be completed within twelve months. These assets are measured at the lower of their carrying amount and fair value, which corresponds to the estimated selling price less costs to sell.

Income statement and cash flow statement items relating to assets held for sale are not presented on a separate line if they do not meet the IFRS 5 definition of a discontinued operation.

B) DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- represents a separate major line of business or geographical area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The Group decides whether a discontinued operation represents a major line of business or geographical area of operations based on both qualitative criteria (technology, market, products and geographical area) and quantitative criteria (revenue, earnings, cash flows and assets).

If the assets held by a discontinued operation are classified as held for sale they are measured at the lower of their carrying amount and fair value less costs to sell. The results and cash flows of discontinued operations are presented on a separate line in the consolidated income statement and statement of cash flows for each period presented.

2.19 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 Chargeurs shares (treasury stock), the consideration paid, including directly attributable incremental costs (net of income taxes), is deducted from equity attributable to owners of the parent until the shares are canceled, 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 owners of the parent.

2.20 Bond debt

Convertible bonds are compound financial instruments comprising two components – a financial liability and an equity instrument – which are measured and accounted for separately. In accordance with IAS 32 – Financial Instruments: Presentation, the carrying amount of the equity instrument corresponds to the difference between the fair value of the compound instrument as a whole and the fair value of the financial liability, calculated as the fair value of a similar liability that does not have an associated equity component. The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is not adjusted during the life of the instrument. The liability component is measured at amortized cost over the instrument's expected life.

2.21 Borrowings

Borrowings are initially recognized 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 reporting date, in which case they are classified as non-current.

2.22 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 19R.

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

Actuarial gains and losses on post-employment benefit obligations are recognized in other comprehensive income and may not be subsequently reclassified to profit or loss.

Actuarial gains and losses on other long-term employee benefits and length-of-service awards payable to employees on retirement are recognized in the income statement in the period in which they arise.

Gains and losses arising from plan amendments are recognized in the income statement under "Other operating income" or "Other operating expense".

Employee benefit expense is divided into two categories as follows:

- the increase in the provision due to the passage of time, net of the return on plan assets, is recognized as a financial expense. The expected return on plan assets is measured using an interest rate that is the same as the discount rate used for calculating the provision;
- the expense corresponding to service cost is allocated to the relevant operating expense line items by function.

2.23 Provisions

Provisions for site remediation, 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 reporting 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.

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 2.10. The recoverable amounts of cash generating units (CGUs) are determined based on calculations of value in use, which require the use of estimates (see note 10).

B) INCOME TAX

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

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

3.2 Critical judgments

For several years, the Group has sold receivables under no-recourse agreements involving the transfer of title.

Accordingly, these receivables are no longer recognized in the financial statements of the relevant entities.

IAS 39 – Financial Instruments: Recognition and Measurement, which deals with the derecognition of financial assets, including trade receivables, requires entities to base their analysis on the following three criteria: requires entities to base their analysis on the following three criteria:

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

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

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

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

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4 – Segment reporting

4.1 Information by operating segment

Chargeurs analyzes its business based on four operating segments.

A) INCOME STATEMENT BY OPERATING SEGMENT

Year ended December 31, 2016 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**250.3**	**132.0**	**24.6**	**99.5**	**-**	**-**	506.4
EBITDA	**33.2**	**11.7**	**4.7**	**2.9**	**(3.7)**	**-**	48.8
Depreciation and amortization	(5.2)	(3.7)	(0.9)	-	(0.1)	-	(9.9)
Recurring operating profit	**28.0**	**8.0**	**3.8**	**2.9**	**(3.8)**	**-**	**38.9**
Other operating income and expense	(1.7)	(2.1)	-	-	(1.2)	-	(5.0)
Operating profit	**26.3**	**5.9**	**3.8**	**2.9**	**(5.0)**	**-**	**33.9**
Net financial expense							(2.0)
Share of profit/(loss) of equity-accounted investees							(2.0)
Pre-tax profit for the period							**29.9**
Income tax expense							(4.9)
Profit from continuing operations							**25.0**
Profit for the period							**25.0**

Year ended December 31, 2015 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**227.2**	**157.5**	**20.3**	**93.7**	**-**	**-**	**498.7**
EBITDA	**26.8**	**9.6**	**4.1**	**2.6**	**(2.8)**	**-**	**40.3**
Depreciation and amortization	(5.0)	(4.1)	(0.5)	(0.1)	-	-	(9.7)
Recurring operating profit	**21.8**	**5.5**	**3.6**	**2.5**	**(2.8)**	**-**	**30.6**
Other operating income and expense	-	(2.8)	(0.2)	-	(3.6)	-	(6.6)
Operating profit	**21.8**	**2.7**	**3.4**	**2.5**	**(6.4)**	**-**	**24.0**
Net financial expense							(5.3)
Share of profit/(loss) of equity-accounted investees							(10.7)
Pre-tax profit for the period							**8.0**
Income tax expense							7.5
Profit from continuing operations							**15.5**
Profit for the period							**15.5**

B) ASSETS AND LIABILITIES BY OPERATING SEGMENT

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

At December 31, 2015 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Total
Assets(1)	151.9	98.4	22.4	54.6	26.5	353.8
Liabilities(2)	73.8	43.9	6.7	25.3	8.0	157.7
CAPITAL EMPLOYED	**78.1**	**54.5**	**15.7**	**29.3**	**18.5**	**196.1**
Capital expenditure	6.4	3.9	4.3	0.1	-	14.7

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

C) ADDITIONAL INFORMATION

Year ended December 31, 2016 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Consolidated
Depreciation of property, plant and equipment	(4.9)	(3.3)	(0.9)	-	(0.1)	(9.2)
Impairment (note 5):						
■ Goodwill	-	-	-	-	-	-
■ Property, plant and equipment	-	(0.6)	-	-	-	(0.6)
Impairment:						
■ Inventories	(2.2)	(0.3)	-	(0.1)	-	(2.6)
■ Trade receivables	0.1	0.1	-	-		0.2
Restructuring costs (note 5)	-	(1.2)	-	-	(0.6)	(1.8)

Year ended December 31, 2015 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Consolidated
Depreciation of property, plant and equipment	(4.3)	(3.7)	(0.5)	-	(0.1)	(8.6)
Impairment (note 5):						
■ Goodwill	-	(0.1)	-	-	-	(0.1)
■ Property, plant and equipment	-	-	(0.2)	-	-	(0.2)
Impairment:						
■ Inventories	(1.6)	(0.6)	-	-	-	(2.2)
■ Trade receivables	-	2.7	-	-	-	2.7
Restructuring costs (note 5)	-	(2.5)	-	-	-	(2.5)

4.2 Information by geographical area

A) REVENUE

The Group generates over 90% of its revenue outside France and more than 50% outside Europe.

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

	Year ended December 31	
(in euro millions)	**2016**	2015
Europe	250.1	238.5
Asia-Pacific and Africa	129.4	140.7
Americas	126.9	119.5
TOTAL	**506.4**	**498.7**

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

	Year ended December 31	
(in euro millions)	**2016**	2015
United States	91.7	81.1
Italy	74.0	74.0
China and Hong Kong	49.6	60.9
Germany	43.7	44.9
France	37.7	35.4
TOP 5 COUNTRIES	**296.7**	**296.3**
Other countries	209.7	202.4
TOTAL	**506.4**	**498.7**

B) NON-CURRENT ASSETS BY COUNTRY OF LOCATION

The following tables provide an analysis of non-current assets and capital expenditure based on the geographical area in which the assets are located.

NON-CURRENT ASSETS

(in euro millions)	**Dec. 31, 2016**	Dec. 31, 2015
Europe	88.7	82.1
Asia-Pacific and Africa	15.0	21.2
Americas	97.0	78.9
TOTAL	**200.7**	**182.2**

PURCHASES OF PROPERTY, PLANT AND EQUIPMENT

(in euro millions)	**Dec. 31, 2016**	Dec. 31, 2015
Europe	10.1	12.0
Asia-Pacific and Africa	0.7	0.5
Americas	0.6	1.2
TOTAL	**11.4**	**13.7**

5 – Other operating income and expense

Other operating income and expense can be analyzed as follows:

	Year ended December 31	
(in euro millions)	**2016**	2015
Gains and losses on disposal of non-current assets	-	0.1
Goodwill impairment	-	(0.1)
Restructuring costs(1)	(1.8)	(2.5)
Asset retirements	(0.3)	-
Impairment of non-current assets	(0.6)	(0.4)
Acquisition-related expenses(2)	(2.0)	-
Other(3)	(0.3)	(3.7)
TOTAL	**(5.0)**	**(6.6)**

(1) Restructuring costs were incurred mainly by the Fashion Technologies business and in the holding companies (see note 4.1.3).
(2) For 2016, "Acquisition-related expenses" mainly corresponds to costs incurred in connection with the Group's business development and growth program, including for the Main Tape acquisition (due diligence and transaction costs).
(3) For 2015, "Other" includes €2.2 million in compensation for loss of office (see note 22) and €1.2 million in costs related to a strategic research project.

6 – Number of employees and payroll costs

6.1 Number of employees

The average number of employees of fully consolidated subsidiaries was as follows in 2016 and 2015:

	Dec. 31, 2016	Dec. 31, 2015
Employees in France	528	517
Employees outside France	1,013	1,025
TOTAL EMPLOYEES	**1,541**	**1,542**

6.2 Payroll costs

	Year ended December 31	
(in euro millions)	2016	2015
Wages and salaries	54.5	53.5
Payroll taxes	20.3	20.3
Discretionary profit sharing	3.0	2.9
TOTAL	**77.8**	**76.7**

7 – Financial income and expense

	Year ended December 31	
(in euro millions)	2016	2015
▪ Finance costs(1)	(4.7)	(4.0)
▪ Interest income on loans and investments	0.4	0.5
Finance costs, net	**(4.3)**	**(3.5)**
Factoring cost	**(0.6)**	**(0.8)**
▪ Convertible bond interest cost	-	(0.8)
▪ Effect of changes in scope of consolidation(2)	3.8	-
▪ Interest expense on employee benefit obligations	(0.4)	(0.3)
▪ Exchange gains and losses on foreign currency receivables and payables	-	0.2
▪ Other	(0.5)	(0.1)
OTHER FINANCIAL INCOME AND EXPENSE	**2.9**	**(1.0)**
NET FINANCIAL EXPENSE	**(2.0)**	**(5.3)**

(1) *Finance costs increased in 2016 despite a year-on-year reduction in the Group's average interest rate from 3.02% to 2.79% (see note 17). This reflects the fact that the Group significantly strengthened its financing structure during the year, increasing the amount of its borrowings by €89.0 million and extending their average maturity from 3.4 to 5.1 years.*

(2) *Corresponding to the gain on the Group's withdrawal from the Yak joint ventures and primarily consisting of translation reserves reclassified to profit (see note 1.4).*

8 – Income tax

8.1 Income tax expense

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

	Year ended December 31	
(in euro millions)	2016	2015
Current taxes	(7.5)	(6.0)
Deferred taxes	2.6	13.5
TOTAL	**(4.9)**	**7.5**

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):

	Year ended December 31	
(in euro millions)	**2016**	2015
Pre-tax profit of consolidated companies	31.9	18.7
Standard French income tax rate	34.43%	38.00%
Tax at the standard rate	(11.0)	(7.1)
Income tax expense for the period	(4.9)	7.5
DIFFERENCE BETWEEN INCOME TAX EXPENSE FOR THE PERIOD AND TAX AT THE STANDARD RATE	**6.1**	**14.6**
Effect of differences in foreign tax rates	0.4	0.5
Effect of permanent differences between book profit and taxable profit	1.5	0.6
Change in tax assets recognized for tax losses:		
▪ Reversals of valuation allowances on tax loss carryforwards recognized in prior periods(1)	2.2	13.2
▪ Utilizations of tax loss carryforwards covered by valuation allowances(2)	3.9	2.5
▪ Effect of unrelieved tax losses	(0.5)	(0.8)
▪ Valuation allowance on deferred tax assets (tax loss carryforwards arising in prior periods)	-	(0.1)
Other(3)	(1.4)	(1.3)
DIFFERENCE BETWEEN INCOME TAX EXPENSE FOR THE PERIOD AND TAX AT THE STANDARD RATE	**6.1**	**14.6**

(1) At December 31, 2016, €2.2 million in deferred tax assets were recognized for the tax loss carryforwards of the French tax group, based on earnings forecasts for the next five years. The amount recognized was reduced by €2.7 million to reflect the changes in income tax rates that will be introduced in France as from 2018.
(2) This amount primarily corresponds to the utilization at December 31, 2016 of the French tax group's tax loss carryforwards.
(3) This amount includes €0.8 million related to the CVAE tax, €0.3 million to dividend taxes and €0.2 million to the IRAP tax in Italy.

8.2 Deferred taxes

A) ANALYSIS OF THE NET DEFERRED TAX ASSET

(in euro millions)	Dec. 31, 2015	Income statement impact	Translation adjustment	Other	**Dec. 31, 2016**
France	20.1	2.2	-	-	22.3
United States	3.8	-	0.1	(0.6)	3.3
Germany	0.7	-	-	-	0.7
Other countries	2.5	0.4	(0.2)	-	2.7
TOTAL	**27.1**	**2.6**	**(0.1)**	**(0.6)**	**29.0**

	Dec. 31, 2016			Dec. 31, 2015		
(in euro millions)	**Tax loss carryforwards and tax credits**	**Temporary differences**	**Total**	Tax loss carryforwards and tax credits	Temporary differences	Total
Deferred tax assets						
▪ Recoverable beyond 12 months	29.1	0.8	29.9	26.9	0.8	27.7
▪ Recoverable within 12 months	-	8.4	8.4	-	7.8	7.8
Deferred tax liabilities, net						
▪ To be settled beyond 12 months	-	(8.5)	(8.5)	-	(7.7)	(7.7)
▪ To be settled within 12 months	-	(0.8)	(0.8)	-	(0.7)	(0.7)
TOTAL	**29.1**	**(0.1)**	**29.0**	**26.9**	**0.2**	**27.1**

B) ANALYSIS OF TAX LOSS CARRYFORWARDS

No deferred tax assets have been recognized for most of the evergreen losses of the various tax groups.

Tax loss carryforwards were as follows at December 31, 2016:

(in euro millions)	French tax group	US tax group	German tax group	Other countries, excluding tax groups	**Total tax loss carryforwards**
Available until					
2017	-	-	-	2.0	2.0
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021 and beyond	-	86.3	-	3.6	89.9
Evergreen losses	205.8	-	26.4	13.3	245.5
TOTAL TAX LOSS CARRYFORWARDS AT DECEMBER 31, 2016	**205.8**	**86.3**	**26.4**	**18.9**	**337.4**
o/w recognized	*73.1*	*9.4*	*2.5*	*1.8*	*86.8*
o/w unrecognized	*132.7*	*76.9*	*23.9*	*17.1*	*250.6*
TOTAL TAX LOSS CARRYFORWARDS AT DECEMBER 31, 2015	**215.1**	**85.1**	**27.5**	**30.2**	**357.9**
o/w recognized	58.7	9.2	2.3	1.8	72.0
o/w unrecognized	156.4	75.9	25.2	28.4	285.9

In some countries (notably the United States and Germany) deferred tax assets can only be recognized for tax loss carryforwards if the company has a stable direct or indirect ownership structure.

9 – Earnings per share

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

Basic earnings per share (i.e. net profit divided by the average number of shares outstanding) amounted to €1.09 in 2016.

Diluted earnings per share are the same as basic earnings per share, as the last convertible bonds outstanding were converted or redeemed in 2015.

	Year ended December 31			
	2016		2015	
	Basic	**Diluted**	Basic	Diluted
Profit from continuing operations (in euro millions)	25.0	25.0	15.3	15.3
Profit/(loss) from discontinued operations (in euro millions)	-	-	-	-
Weighted average number of shares	22,955,692	22,955,692	19,615,969	19,615,969
EARNINGS PER SHARE FROM CONTINUING OPERATIONS *(IN EUROS)*	**1.09**	**1.09**	**0.78**	**0.78**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

10 – Intangible assets

10.1 Goodwill

A) MOVEMENTS IN GOODWILL

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

(in euro millions)	Protective Films	Fashion Technologies	Etacol	Technical Substrates	Total
DECEMBER 31, 2014	**53.1**	**13.6**	**3.7**	**-**	**70.4**
Impairment	-	(0.1)	-	-	(0.1)
Translation adjustment	6.0	-	0.4	-	6.4
Other	-	(11.0)	-	11.0	-
DECEMBER 31, 2015	**59.1**	**2.5**	**4.1**	**11.0**	**76.7**
Additions	10.9	-	-	-	10.9
Translation adjustment	2.5	-	0.1	-	2.6
DECEMBER 31, 2016	**72.5**	**2.5**	**4.2**	**11.0**	**90.2**

Protective Films

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

The acquisition of Main Tape in the United States generated €10.9 million in provisional goodwill. As Main Tape has been included in Protective Films and its acquisition is expected to generate synergies for the segment as a whole, the full amount of this provisional goodwill has been allocated to the Protective Films CGU.

All of Chargeurs Protective Films' goodwill is measured in US dollars and the appreciation in the dollar against the Euro between December 31, 2015 and 2016 resulted in a €2.5 million increase in its carrying amount.

Fashion Technologies and Etacol

The Fashion Technologies segment also has a global management structure that is aligned with local needs. However, the Chargeurs Fashion Technologies CGU does not include Etacol in Bangladesh, acquired in 2008, which is treated as a separate CGU.

Technical Substrates

Chargeurs Technical Substrates, which was previously part of Chargeurs Fashion Technologies, has been treated as a separate operating segment since January 1, 2015. The decision to monitor this business (functionalized technical substrates) separately was made in view of its development and growth outlook. The segment comprises a single entity, Senfa.

B) GOODWILL IMPAIRMENT TESTS

The tests performed at the level of each CGU at December 31, 2016 showed that their recoverable amounts were higher than their carrying amounts, including for goodwill.

C) MAIN ASSUMPTIONS USED AND SENSITIVITY TESTS

The recoverable amount of the CGUs was determined based on value-in-use calculations, using the five-year cash flow projections contained in the business plans approved by management, as adjusted to comply with IAS 36. Cash flows beyond this five-year period were extrapolated by using the estimated growth rates shown in the table below.

The uncertain economic environment was taken into account in the CGUs' business plans, by basing revenue and earnings growth forecasts on conservative estimates. Projections assumed reasonable growth in the Group's profitability indicators over the duration of the plans.

The following method was used:

- a cash flow simulation model was developed based on various market parameters;
- the cash flow simulations were broken down into various scenarios based on different assumptions for WACC, growth rates and/or recurring operating profit, taking into account the probability of each situation occurring.

The final value allocated to the CGUs' goodwill corresponds to the average value of all of the different simulated scenarios.

THE MAIN VALUE-IN-USE ASSUMPTIONS APPLIED WERE AS FOLLOWS:

The main value-in-use assumptions applied were as follows:	2016 Chargeurs Protective Films	2016 Chargeurs Fashion Technologies (excl. Etacol)	2016 Etacol	2016 Chargeurs Technical Substrates	2015 Chargeurs Protective Films	2015 Chargeurs Fashion Technologies (excl. Etacol & Yak)	2015 Etacol	2015 Chargeurs Technical Substrates
Average weighted operating margin over the business plan period(1)	11.10%	6.20%	11.30%	15.10%	11.00%	6.00%	12.00%	13.80%
Perpetuity growth rate(2)	1.00%	1.00%	1.00%	2.00%	1.00%	1.00%	1.00%	2.00%
Discount rate	7.86%	8.49%	8.49%	8.45%	8.09%	8.66%	8.66%	8.62%

(1) Recurring operating profit as a % of revenue.
(2) The perpetuity growth rate is equal to or less than the medium- to long-term growth rate for the industry as a whole and for all the segments. The rate is used only for inflation.

Sensitivity tests

Tests were performed to determine the sensitivity of the values obtained to changes in all of the key assumptions presented above. A 100 basis-point increase in the discount rate used to calculate the recoverable amount of goodwill, combined with a 100 basis-point reduction in operating margin (corresponding to changes in the key assumptions that management considers "reasonably possible"), would not lead to the recognition of any impairment losses on the goodwill allocated to any of the Group's CGUs.

Similarly, the goodwill held by the Group's CGUs would not be affected if the objectives contained in the five-year business plans were achieved a year later than forecast.

10.2 Other intangible assets

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
DECEMBER 31, 2014	**0.6**	**0.5**	**0.3**	**0.8**	**2.2**
Additions	-	-	0.1	0.7	0.8
Disposals	-	-	(0.1)	-	(0.1)
Amortization	(0.1)	(0.4)	-	(0.6)	(1.1)
DECEMBER 31, 2015	**0.5**	**0.1**	**0.3**	**0.9**	**1.8**
Capitalized development costs	-	0.2	-	-	0.2
Additions	0.1	-	-	0.4	0.5
Changes in scope of consolidation	0.1	-	-	-	0.1
Amortization	(0.1)	-	-	(0.6)	(0.7)
DECEMBER 31, 2016	**0.6**	**0.3**	**0.3**	**0.7**	**1.9**

11 – Property, plant and equipment

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

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
DECEMBER 31, 2014	**2.6**	**10.7**	**31.6**	**3.9**	**1.5**	**50.3**
Additions	-	0.8	7.9	1.8	3.2	13.7
Disposals	(0.1)	-	(0.1)	-	-	(0.2)
Depreciation	-	(1.6)	(5.9)	(1.1)	-	(8.6)
Impairment	-	-	(0.2)	-	-	(0.2)
Other	0.1	0.1	0.4	-	(0.4)	0.2
Translation adjustment	-	0.3	0.5	-	(0.1)	0.7
DECEMBER 31, 2015	**2.6**	**10.3**	**34.2**	**4.6**	**4.2**	**55.9**
Additions(1)	-	0.7	7.4	1.2	2.1	11.4
Disposals	-	-	(0.2)	-	(0.1)	(0.3)
Changes in scope of consolidation	-	-	4.5	-	0.1	4.6
Depreciation	-	(1.5)	(6.8)	(0.8)	-	(9.2)
Impairment	-	-	(0.3)	(0.3)	-	(0.6)
Other	-	0.5	2.0	0.3	(2.8)	-
Translation adjustment	-	-	-	-	(0.1)	(0.1)
DECEMBER 31, 2016	**2.6**	**10.0**	**40.8**	**5.0**	**3.4**	**61.8**

(1) Including €1.2 million worth of assets acquired under finance leases.

12 – Finance leases

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

(in euro millions)	**Dec. 31, 2016**	Dec. 31, 2015
Land	1.2	1.2
Buildings	19.5	19.5
Plant and equipment	36.0	31.7
Fixtures, fittings and other	7.0	7.0
GROSS VALUE	**63.7**	**59.4**
Accumulated depreciation	**(47.3)**	**(42.7)**
NET VALUE	**16.4**	**16.7**

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

(in euro millions)	**Dec. 31, 2016**	Dec. 31, 2015
Future minimum lease payments under finance leases	19.5	20.2
Finance lease liabilities	17.8	19.0
Future finance cost	**1.7**	**1.2**

Future lease payments can be analyzed by maturity as follows:

(in euro millions)	Future minimum lease payments	Finance lease liabilities
Due in less than one year	5.5	4.9
Due in one to five years	13.3	12.3
Due in more than five years	0.7	0.6
TOTAL AT DECEMBER 31, 2016	**19.5**	**17.8**
Due in less than one year	7.5	7.3
Due in one to five years	11.1	10.3
Due in more than five years	1.6	1.4
TOTAL AT DECEMBER 31, 2015	**20.2**	**19.0**

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

During 2016, in light of the significant improvement in Chargeurs Fashion Technologies' performance, the Group refinanced certain of this business's assets for a gross amount of €6.2 million.

13 – Equity-accounted investees

13.1 Companies

LUXURY MATERIALS SEGMENT

CW Uruguay comprises Lanas Trinidad SA and its subsidiaries.

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

Zhangjiagang Yangtse Wool Combing Co. Ltd comprises Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangtse (Australia) PTY Ltd.

FASHION TECHNOLOGIES SEGMENT

In 2016, Chargeurs withdrew from the Yak joint ventures, which comprised Ningbo Lailong Bertero Interlining Co. Ltd and Ningbo Chargeurs Yak Textile Trading Co. Ltd (see note 1.4).

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

(in euro millions)	Dec. 31, 2015	Share of profit/ (loss)	Dividends received	Translation adjustment	Scope changes	Other	**Dec. 31, 2016**
CW Uruguay	8.0	(0.3)	(0.3)	0.3	-	-	7.7
CW Argentina	1.6	0.2	-	(0.2)	-	0.7	2.3
Zhangjiagang Yangtse Wool Combing Co. Ltd	4.5	(1.1)	-	-	-	-	3.4
Other	0.1	0.8	-	-	-	-	0.9
Total Chargeurs Luxury Materials(1)	**14.2**	**(0.4)**	**(0.3)**	**0.1**	**-**	**0.7**	**14.3**
Ningbo Lailong Bertero Interlining Co. Ltd	3.4	(0.8)	-	(0.1)	(2.5)	-	-
Ningbo Chargeurs Yak Textile Trading Co. Ltd	-	(0.9)	-	(0.1)	1.0	-	-
Total Chargeurs Fashion Technologies	**3.4**	**(1.7)**	**-**	**(0.2)**	**(1.5)**	**-**	**-**
TOTAL JOINT VENTURES	**17.6**	**(2.1)**	**(0.3)**	**(0.1)**	**(1.5)**	**0.7**	**14.3**
Wool USA	0.5	0.1	-	-	-	-	0.6
TOTAL ASSOCIATES	**0.5**	**0.1**	**-**	**-**	**-**	**-**	**0.6**
TOTAL EQUITY-ACCOUNTED INVESTEES	**18.1**	**(2.0)**	**(0.3)**	**(0.1)**	**(1.5)**	**0.7**	**14.9**

(1) *In 2016, in agreement with its joint venture partners, the Group rolled out its "Performance, Discipline, Ambition" plan to the entities in China and Uruguay. As a result, these entities launched restructuring measures to streamline their manufacturing base and improve their productivity and cost-efficiency in the medium term.*

(in euro millions)	Dec. 31, 2014	Share of profit/ (loss)	Dividends received	Translation adjustment	Scope changes	Other	**Dec. 31, 2015**
CW Uruguay	6.8	0.4	-	0.8	-	-	8.0
CW Argentina	1.8	-	-	(0.2)	-	-	1.6
Zhangjiagang Yangtse Wool Combing Co. Ltd	4.8	(0.8)	-	0.2	-	0.3	4.5
Other	0.1	-	-	-	-	-	0.1
Total Chargeurs Luxury Materials	**13.5**	**(0.4)**	**-**	**0.8**	**-**	**0.3**	**14.2**
Ningbo Lailong Bertero Interlining Co. Ltd(1)	13.2	(10.4)	(0.3)	0.9	-	-	3.4
Total Chargeurs Fashion Technologies	**13.2**	**(10.4)**	**(0.3)**	**0.9**	**-**	**-**	**3.4**
TOTAL JOINT VENTURES	**26.7**	**(10.8)**	**(0.3)**	**1.7**	**-**	**0.3**	**17.6**
Wool USA	0.4	0.1	-	-	-	-	0.5
TOTAL ASSOCIATES	**0.4**	**0.1**	**-**	**-**	**-**	**-**	**0.5**
TOTAL EQUITY-ACCOUNTED INVESTEES	**27.1**	**(10.7)**	**(0.3)**	**1.7**	**-**	**0.3**	**18.1**

(1) *At December 31, 2015 Chargeurs wrote down the full amount of the €10.5 million in goodwill relating to Ningbo Lailong Bertero Interlining Co. Ltd.*

13.2 Key figures for the main equity-accounted investees

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

	At December 31, 2016					At December 31, 2015			
	Chargeurs Fashion Technologies		**Chargeurs Luxury Materials**			Chargeurs Fashion Technologies	Chargeurs Luxury Materials		
(in euro millions)	**Ningbo Lailong Bertero Interlining Co. Ltd**	**Yak Textile Trading Co. Ltd**	**CW Uruguay**	**CW Argentina**	**Zhangjiagang Yangtse Wool Combing Co. Ltd**	Ningbo Lailong Bertero Interlining Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd
Non-current assets	-	-	3.5	1.4	5.3	2.8	3.8	1.4	5.6
Current assets	-	-	41.7	21.6	15.1	5.4	44.4	13.1	29.3
Cash and cash equivalents	-	-	0.7	0.2	2.5	0.6	1.2	0.4	2.2
Non-current financial liabilities	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	0.1	-	-	0.7	0.1	0.4	-
Current financial liabilities	-	-	23.4	12.3	7.4	-	18.7	7.6	11.2
Other current liabilities	-	-	7.0	7.2	8.7	1.2	14.6	3.7	16.9
TOTAL NET ASSETS	**-**	**-**	**15.4**	**3.7**	**6.8**	**6.9**	**16.0**	**3.2**	**9.0**
% interest	-	-	50%	50%	50%	49%	50%	50%	50%
Group share	-	-	7.7	1.8	3.4	3.4	8.0	1.6	4.5
Goodwill	-	-	-	-	-	-	-	-	-
Other	-	-	-	0.5	-	-			-
CARRYING AMOUNT	**-**	**-**	**7.7**	**2.3**	**3.4**	**3.4**	**8.0**	**1.6**	**4.5**

	At December 31, 2016					At December 31, 2015			
	Chargeurs Fashion Technologies		Chargeurs Luxury Materials			Chargeurs Fashion Technologies	Chargeurs Luxury Materials		
(in euro millions)	Ningbo Lailong Bertero Interlining Co. Ltd	Yak Textile Trading Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Ningbo Lailong Bertero Interlining Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd
Revenue	5.4	6.1	51.8	19.2	33.6	8.6	68.6	17.9	39.3
Depreciation, amortization and impairment	(0.1)	(1.6)	(0.6)	-	(1.3)	(0.6)	(0.6)	-	(1.3)
Finance costs, net	-	-	(0.8)	(1.0)	(0.5)	-	(1.1)	(2.0)	(0.7)
Income tax expense	-	-	-	-	-	-	-	-	-
PROFIT/ (LOSS) FROM CONTINUING OPERATIONS	**(1.7)**	**(1.8)**	**(0.2)**	**0.7**	**(2.1)**	**-**	**0.7**	**0.1**	**(1.7)**
% interest	49%	49%	50%	50%	50%	49%	50%	50%	50%
Impairment of goodwill[1]	-	-	-	-	-	(10.4)	-	-	-
Other	-	-	(0.1)	(0.2)	-	-	-	-	-
GROUP SHARE OF PROFIT/(LOSS)	**(0.8)**	**(0.9)**	**(0.3)**	**0.2**	**(1.1)**	**(10.4)**	**0.4**	**-**	**(0.8)**

(1) At December 31, 2015 Chargeurs wrote down the full amount of the €10.4 million in goodwill relating to Ningbo Lailong Bertero Interlining Co. Ltd.

13.3 Transactions with equity-accounted investees

In 2016, the main transactions with the Group's equity-accounted investees were as follows:

- with Lanas Trinidad, Chargeurs Wool Argentina, Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangtse Pty Ltd:
  - purchases recorded in the Luxury Materials segment's cost of sales for €42.9 million;
  - trade payables for €9.7 million; and
  - other payables for €1.3 million.
- with Ningbo Lailong Bertero Interlining Co. Ltd and Ningbo Chargeurs Yak Textiles Trading Co. Ltd:
  - purchases recorded in first-half 2016 in the Fashion Technologies segment's cost of sales for €0.6 million.

14 – Non-current financial assets

At December 31, 2016, non-current financial assets mainly comprised deposits (€1.6 million) and investments in non-consolidated companies (€0.8 million).

The carrying amounts of the Group's main investments in non-consolidated companies can be analyzed as follows:

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
Interests of over 50%	0.7	0.3
Interests of between 20% and 50%	-	-
Interests of less than 20%	0.1	0.1
TOTAL	**0.8**	**0.4**

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.

15 – Working capital

15.1 Analysis of change in working capital

(in euro millions)	December 31, 2015	Change in operating working capital[1]	Other changes	Currency effect	Impact of changes in scope of consolidation	December 31, 2016
Inventories and work-in-progress	101.0	3.4	-	0.7	0.3	105.4
Trade receivables	44.6	4.4	-	0.5	(2.2)	47.3
Derivative financial instruments	1.1	-	(0.6)	-	-	0.5
Other receivables	23.6	(2.6)	-	-	2.0	23.0
Current income tax receivables	1.3	-	0.9	-	-	2.2
ASSETS	**171.6**	**5.2**	**0.3**	**1.2**	**0.1**	**178.4**
Trade payables	90.6	3.9	(0.2)	0.5	(3.5)	91.3
Derivative financial instruments	0.3	0.2	1.3	-	-	1.8
Other payables	38.9	1.9	(1.3)	(0.2)	0.4	39.7
Current income tax liability	1.5	-	0.4	-	-	1.9
LIABILITIES	**131.3**	**6.0**	**0.2**	**0.3**	**(3.1)**	**134.7**
WORKING CAPITAL	**40.3**	**(0.8)**	**0.1**	**0.9**	**3.2**	**43.7**

(in euro millions)	December 31, 2014	Change in operating working capital[1]	Other changes	Currency effect	Impact of changes in scope of consolidation	December 31, 2015
Inventories and work-in-progress	98.2	1.5	0.3	1.0	-	101.0
Trade receivables	44.2	(0.5)	-	0.9	-	44.6
Derivative financial instruments	0.6	-	0.6	(0.1)	-	1.1
Other receivables	24.2	(0.3)	(0.1)	(0.2)		23.6
Current income tax receivables	0.5	-	0.8	-	-	1.3
ASSETS	**167.7**	**0.7**	**1.6**	**1.6**	**-**	**171.6**
Trade payables	88.6	1.4	-	0.6	-	90.6
Derivative financial instruments	0.7	-	(0.4)	-	-	0.3
Other payables	30.6	7.3	1.0	-	-	38.9
Current income tax liability	0.6	-	0.9	-	-	1.5
LIABILITIES	**120.5**	**8.7**	**1.5**	**0.6**	**-**	**131.3**
WORKING CAPITAL	**47.2**	**(8.0)**	**0.1**	**1.0**	**-**	**40.3**

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

15.2 Inventories and work-in-progress

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

(in euro millions)	**Dec. 31, 2016**	Dec. 31, 2015
Gross value		
Raw materials and supplies	41.1	36.5
Finished and semi-finished goods and work-in-progress	70.5	70.1
Other	0.4	0.4
TOTAL - GROSS VALUE	**112.0**	**107.0**
Provisions for impairment	(6.6)	(6.0)
NET VALUE	**105.4**	**101.0**

(in euro millions)	**Dec. 31, 2016**	Dec. 31, 2015
PROVISIONS FOR IMPAIRMENT AT JANUARY 1	**(6.0)**	**(5.3)**
Increase in provisions for impairment of inventory	(2.6)	(2.2)
Reversals of provisions used	1.1	0.9
Reversals of surplus provisions	0.5	0.7
Changes in scope of consolidation	0.4	(0.1)
PROVISIONS FOR IMPAIRMENT AT DECEMBER 31	**(6.6)**	**(6.0)**

No inventories have been pledged as collateral.

15.3 Trade receivables

(in euro millions)	**Dec. 31, 2016**	Not yet due	Past due	Dec. 31, 2015	Not yet due	Past due
Trade receivables						
Gross value	50.6	41.0	9.6	48.2	38.9	9.3
Provisions for impairment	(3.3)	(0.3)	(3.0)	(3.6)	(0.3)	(3.3)
NET VALUE	**47.3**	**40.7**	**6.6**	**44.6**	**38.6**	**6.0**

TRADE RECEIVABLES BY DUE DATE

(in euro millions)	**Dec. 31, 2016**	Dec. 31, 2015
Less than one month past due	4.6	2.8
One-to-three months past due	1.4	2.4
Three-to-six months past due	0.2	0.5
More than six months past due	0.4	0.3
NET VALUE	**6.6**	**6.0**

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 (see note 21).

15.4 Miscellaneous receivables

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
Short-term tax receivables	2.2	1.3
Other receivables	23.0	23.6
Accruals	1.8	1.4
Provisions for impairment	(1.8)	(1.4)
NET VALUE	**25.2**	**24.9**

"Other receivables" primarily include tax credits, the difference between the nominal amount of receivables sold under no-recourse contracts and the sale proceeds, and supplier advances. The fair value of these assets approximates their carrying amount.

16 – Equity

16.1 Share capital

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since December 31, 2014 are as follows:

SHARES OUTSTANDING AT DECEMBER 31, 2014	**16,021,311**
Issuance of shares on conversion of bonds by bondholders	6,944,833
SHARES OUTSTANDING AT DECEMBER 31, 2015	**22,966,144**
SHARES OUTSTANDING AT DECEMBER 31, 2016	**22,966,144**

Based on a par value of €0.16 per share, shares outstanding represented issued capital of €3,674,583 at December 31, 2016.

DOUBLE VOTING RIGHTS

Chargeurs' bylaws provide that shares registered in the name of the same owner for at least two years carry double voting rights. Consequently, in accordance with article L. 225-124 of the French Commercial Code (*Code de commerce*), holders of said shares are entitled to double voting rights at Chargeurs Shareholders' Meetings. At December 31, 2016, a total of 96,177 shares carried double voting rights.

16.2 Treasury stock

Treasury stock comprises Chargeurs SA shares held by the Group, including shares held under a liquidity contract that complies with an AMF-recognized code of ethics. At December 31, 2016 the Group held 13,334 shares in treasury, unchanged from one year earlier.

17 – Long- and short-term debt, cash and cash equivalents

17.1 Net cash position

A) CHANGE IN NET CASH POSITION

		Cash movements			Non-cash movements			
(in euro millions)	Dec. 31, 2015	Increase	Decrease	Changes in scope of consolidation	Assets acquired under finance leases	Changes in exchange rates	Other	**Dec. 31, 2016**
Marketable securities	36.2	8.0	-	-	-	-	-	44.2
Term deposits	1.0	1.6	-	-		0.1	-	2.7
Cash at bank	60.5	56.2	-	(2.1)	-	-	-	114.6
CASH AND CASH EQUIVALENTS	**97.7**	**65.8**	**-**	**(2.1)**	**-**	**0.1**	**-**	**161.5**
Bank borrowings	38.7	87.3	(2.6)	-	-	-	-	123.4
Finance lease liabilities	19.0	4.9	(7.7)	-	1.2	-	0.4	17.8
Bank overdrafts	16.7	-	(0.5)	0.8		0.1	-	17.1
TOTAL BANK BORROWINGS AND OVERDRAFTS	**74.4**	**92.2**	**(10.8)**	**0.8**	**1.2**	**0.1**	**0.4**	**158.3**
NET CASH POSITION/(NET DEBT POSITION)	**23.3**	**(26.4)**	**10.8**	**(2.9)**	**(1.2)**	**-**	**(0.4)**	**3.2**

There were no restrictions on the use of the cash and cash equivalents held by Group at December 31, 2016.

The average interest rate on long-term borrowings after hedging was 2.79% at December 31, 2016 and 3.02% at December 31, 2015.

At December 31, 2016, Group companies had financing facilities maturing at different dates representing a total of €217.7 million, of which €60.9 million was undrawn (versus a total of €95.0 million at December 31, 2015 of which €22.0 million was undrawn).

Euro private placements (Euro PP)

In 2016, the Group carried out two Euro PP issues representing the following amounts (before issuance costs):

- €57.0 million (May 2016);
- €15.0 million (November 2016).

Both of these placements involved seven-year notes repayable at maturity.

The funds will be used for general corporate purposes (see note 1.1).

New revolving credit facilities

During 2016, Chargeurs obtained several three and five-year confirmed lines of credit for a total of €33.5 million. None of these facilities had been drawn down at December 31, 2016.

Renegotiation of an existing bank loan

Also during the year, the maturity of a €15 million bullet loan obtained from Landesbank Saar was extended from 2018 to 2021.

Financial covenants

The €57.0 million and €15.0 million Euro PP issues and two credit lines representing an aggregate €30.0 million are subject to the following bank covenants that were complied with at December 31, 2016:

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

B) ANALYSIS OF THE CHANGE IN NET CASH POSITION

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
Cash generated by operations	30.0	24.1
Dividends from equity-accounted investees	0.3	0.3
Change in working capital	0.8	8.0
NET CASH FROM OPERATING ACTIVITIES	**31.1**	**32.4**
CASH FLOWS FROM INVESTING ACTIVITIES	**(31.3)**	**(12.9)**
Return of capital to minority shareholders of subsidiaries	-	(1.1)
Other movements	(6.0)	(1.1)
Dividends paid to owners of the parent	(11.5)	(3.2)
OTHER CASH FLOWS	**(17.5)**	**(5.4)**
New finance lease liabilities	(1.6)	(0.4)
Impact of change in scope of consolidation	(0.8)	-
Currency effect	-	0.3
CHANGE IN NET CASH	**(20.1)**	**14.0**

17.2 Analysis of debt by maturity and interest rate

	Dec. 31, 2016			Dec. 31, 2015		
(in euro millions)	Total	Of which fixed rate	Of which variable rate	Total	Of which fixed rate	Of which variable rate
Due in less than one year	8.1	6.8	1.3	8.6	6.9	1.7
Due in one to two years	8.2	6.9	1.3	5.1	4.0	1.1
Due in two to three years	7.2	5.5	1.7	20.0	18.8	1.2
Due in three to four years	21.8	20.3	1.5	3.3	1.6	1.7
Due in four to five years	20.8	20.0	0.8	17.8	16.5	1.3
Due in more than five years	75.1	74.3	0.8	2.9	1.4	1.5
TOTAL	**141.2**	**133.8**	**7.4**	**57.7**	**49.2**	**8.5**

In 2016, the Group extended the average maturity of its debt from 3.4 to 5.1 years.

At December 31, 2016, the carrying amount of fixed-rate debt was €133.8 million after hedging. The proportion of average debt at fixed rates of interest was 91.2% in 2016 and 77.7% in 2015.

An interest rate swap has been set up on a notional amount of €30.0 million to convert the variable interest rate on certain credit lines to fixed rate. The swap qualifies as a cash flow hedge and is measured at fair value with changes in fair value recognized in other comprehensive income. In 2016, changes in fair value represented a negative €0.3 million.

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

17.3 Analysis of debt by currency

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
Euro	140.4	56.5
Other	0.8	1.2
TOTAL	**141.2**	**57.7**

18 – Pension and other post-employment benefit obligations

Pension and other post-employment benefit obligations can be analyzed as follows:

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
Post-employment benefit obligations	14.4	12.5
Post-employment healthcare plans	0.6	0.5
Other long-term benefit obligations	1.7	1.6
NET LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	**16.7**	**14.6**

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 jubilee awards.

The amounts recognized in the statement of financial position for these plans can be analyzed as follows:

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
Present value of obligations – funded plans	21.7	20.9
Fair value of plan assets	(16.6)	(16.8)
NET PRESENT VALUE OF OBLIGATIONS – FUNDED PLANS	**5.1**	**4.1**
Present value of obligations – unfunded plans	11.6	10.5
NET LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	**16.7**	**14.6**

18.1 Funded plans

Movements in the projected benefit obligation under funded plans were as follows:

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
PROJECTED BENEFIT OBLIGATIONS AT JANUARY 1	**20.9**	**20.6**
Service cost	0.1	0.2
Interest cost	0.8	0.8
Curtailments and settlements	-	(0.1)
Benefits paid out of plan assets	(1.6)	(1.6)
Actuarial (gains)/losses for the period	0.9	(1.0)
Translation adjustment	0.6	2.0
PROJECTED BENEFIT OBLIGATIONS AT DECEMBER 31	**21.7**	**20.9**

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

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	16.8	16.1
Actuarial gains/(losses) for the period	-	(0.8)
Expected return on plan assets	0.6	0.7
Employer contributions	0.3	0.7
Benefits paid out of plan assets	(1.6)	(1.6)
Translation adjustment	0.5	1.7
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**16.6**	**16.8**

The breakdown of plan assets was as follows at December 31, 2016 and 2015:

	Dec. 31, 2016	Dec. 31, 2015
Money market funds	3%	3%
Equities	49%	56%
Bonds	44%	37%
Real estate	4%	4%
TOTAL	**100%**	**100%**

18.2 Unfunded plans

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

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
PROJECTED BENEFIT OBLIGATIONS AT JANUARY 1	10.5	11.0
Service cost	0.5	0.5
Interest cost	0.2	0.2
Benefits paid out of Company reserves	(0.5)	(0.7)
Actuarial (gains)/losses for the period	0.8	(0.6)
Translation adjustment	0.1	0.1
PROJECTED BENEFIT OBLIGATIONS AT DECEMBER 31	**11.6**	**10.5**

18.3 Analysis of the expense recognized in the income statement

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

	Year ended December 31	
(in euro millions)	2016	2015
Service cost	0.6	0.7
Interest cost	0.4	0.3
NET EXPENSE RECOGNIZED IN THE INCOME STATEMENT	**1.0**	**1.0**

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

18.4 Changes in the net liability recognized in the statement of financial position

Changes in the net liability recognized in the statement of financial position can be analyzed as follows:

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
NET LIABILITY AT JANUARY 1	**14.6**	**15.5**
Net expense recognized in the income statement	1.0	1.0
Benefits paid during the period	(0.5)	(0.7)
Employer contributions	(0.3)	(0.7)
Actuarial (gains)/losses for the period	1.7	(0.8)
Exchange differences on foreign plans	0.2	0.4
Other	-	(0.1)
NET LIABILITY AT DECEMBER 31	**16.7**	**14.6**

18.5 Main actuarial assumptions used, sensitivity tests and projected benefit obligation

The main actuarial assumptions at December 31, 2016 and 2015 were as follows:

	Dec. 31, 2016	Dec. 31, 2015
Europe:		
Discount rate applied to projected benefit obligations(1)	1.25%	2.00%
Estimated future salary increases		
▪ Managers	2.50%	2.50%
▪ Other employees	2.00%	2.00%
Long-term (underlying) inflation rate	2.00%	2.00%
North America:		
Discount rate applied to projected benefit obligations(1)	4.05%	4.38%
Probable retirement age	62 to 65 years	62 to 65 years

(1) Discount rates are based on market interest rates for prime corporate bonds.

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.

A 1-point increase in the discount rate and inflation rate would have a €1.5 million negative impact on the projected benefit obligation.

At December 31, 2016, the average duration of the Group's employee benefit obligations was between seven and 19 years.

The Group pays contributions into funded plans and also pays benefits directly under unfunded plans. The total estimated amount of benefits that will be paid under defined benefit plans during the year ending December 31, 2017 is €2.4 million.

19 – Provisions

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

(in euro millions)	Long-term provisions	Short-term provisions	Total
DECEMBER 31, 2014	**0.4**	**0.4**	**0.8**
Additions	0.3	0.6	0.9
Reversals of surplus provisions	-	(0.2)	(0.2)
DECEMBER 31, 2015	**0.7**	**0.8**	**1.5**
Additions	-	0.1	0.1
Reversals of provisions used	-	(0.2)	(0.2)
Reversals of surplus provisions	(0.2)	(0.2)	(0.4)
Impact of changes in scope of consolidation	-	0.1	0.1
DECEMBER 31, 2016	**0.5**	**0.6**	**1.1**

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
Provisions for industrial restructuring costs	-	-
Provisions for other contingencies	1.1	1.5
TOTAL	**1.1**	**1.5**

Cash outflows covered by provisions for other contingencies will amount to €0.6 million in 2017 and €0.5 million in subsequent years.

20 – Other non-current liabilities

At December 31, 2016, "Other non-current liabilities" included a €2.9 million guarantee received in respect of a license, after taking into account a €6.0 million partial repayment of the guarantee paid during the year.

21 – Financial risk management

By virtue of its global footprint the Chargeurs Group is exposed to financial risks in the normal course of business, including:

- market risks (foreign exchange risk, interest rate risk and price risk on certain commodities);
- credit risks; and
- liquidity risks.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Derivative instruments are used to hedge certain risk exposures. They are classified at level 2 in the fair value hierarchy, in accordance with IFRS 7R and as explained in note 2.12.

The fair values of derivatives recognized in the statement of financial position can be analyzed as follows:

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
Assets	0.5	1.1
Liabilities	(1.8)	(0.3)
NET	**(1.3)**	**0.8**

(in euro millions)	Dec. 31, 2016 Fair value	Dec. 31, 2016 Notional	Dec. 31, 2015 Fair value	Dec. 31, 2015 Notional
Assets net of liabilities				
Fair value hedges				
CURRENCY HEDGES[1]	(0.9)	(14.6)	0.2	21.3
Cash flow hedges				
CURRENCY HEDGES[1]	0.1	35.7	0.5	19.0
INTEREST RATE HEDGES	(0.5)	(30.0)	(0.2)	(30.0)
Derivatives not qualifying for hedge accounting				
CURRENCY HEDGES[1]	-	-	0.3	-
DERIVATIVE INSTRUMENTS – NET ASSET/(LIABILITY)	**(1.3)**	**(9.0)**	**0.8**	**10.3**

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

Maturities of derivatives at fair value

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
Less than 6 months	(0.9)	0.5
More than 6 months	(0.4)	0.3
TOTAL	**(1.3)**	**0.8**

21.1 Market risks

Market risks are monitored internally using reporting schedules that compare the entities' exposure to identified risks with market value indicators. These indicators are based on data covering foreign currencies and commodity prices that directly or indirectly affect the Group's operations and the value of its assets.

A) FOREIGN EXCHANGE RISK

The Group operates internationally (see note 4), with over 90% of revenue generated outside France and more than 50% outside Europe. Its exposure to foreign exchange risk, which mainly concerns the US dollar and Chinese yuan, relates to future commercial transactions, recognized assets and liabilities denominated in foreign currencies and net investments in foreign operations.

Foreign exchange risk arising on future commercial transactions and recognized assets and liabilities denominated in foreign currencies

Group entities mainly use forward contracts to manage these risks as well as call options for its most common foreign currencies (US dollar, Chinese yuan and British pound). External foreign exchange contracts are designated by each business segment as fair value hedges, cash flow hedges or hedges of a net investment in a foreign operation, as appropriate.

The total net notional amount of currency hedges at December 31, 2016 was €21.1 million, corresponding to hedges of assets and liabilities and firm commitments of subsidiaries as well as cash flow hedges of net sales and net purchases, mainly in US dollars.

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

(in euro millions)	Dec. 31, 2016	Dec. 31, 2015
US dollar	15.6	25.9
British pound	2.2	5.1
Euro	1.3	-
Australian dollar	1.1	-
Chinese yuan	1.0	9.3
TOTAL	**21.1**	**40.3**

The risk management policy for Chargeurs Protective Films and Chargeurs Fashion Technologies involves hedging a portion of forecast transactions (mainly export sales) in each major currency for the subsequent twelve months. Forecast transactions are determined during the budget process and the percentage applied is determined in line with the IFRS definition of "highly probable forecast transactions" for hedge accounting purposes.

Chargeurs Luxury Materials' main foreign exchange exposures relating to transactions and borrowings in foreign currencies concern the US dollar and the New Zealand dollar, and are hedged using forward contracts.

In connection with an intragroup loan set up in US dollars, during 2016 Chargeurs SA put in place a currency swap to hedge the foreign exchange risk related to the principal and interest on this loan. The swap qualifies as a fair value hedge.

Currency risk arising on 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. Over 30% of its assets are located outside Europe.

The following table presents the sensitivity of consolidated equity to foreign exchange risk, based on data at December 31, 2016.

(in euro millions)	Translation reserves by currency	Effect of a 10% increase in the exchange rate against the Euro	Effect of a 10% increase in the exchange rate against the Euro
US dollar	16.6	1.7	(1.7)
Chinese yuan	7.3	0.7	(0.7)
Argentine peso	(10.0)	1.0	(1.0)
Other currencies	4.2	0.4	(0.4)
TOTAL	**18.1**	**3.8**	**(3.8)**

B) INTEREST RATE RISK

The Group's interest rate risk management policy is aimed at reducing its exposure to fluctuations in interest rates. It uses interest rate swaps to convert a portion of its variable rate debt into fixed rate debt, which enables it to manage and reduce the volatility of its future cash flows related to interest payments.

At December 31, 2016 variable-to-fixed rate swaps had been set up for two variable rate lines of credit, representing a notional amount of €30 million.

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

(in euro millions)	**Dec. 31, 2016**	Dec. 31, 2015
Euro	(30.0)	(30.0)

A 1-point increase in interest rates would have a €0.3 million impact on net debt (including amounts received for no recourse receivables sales) that is not hedged against interest rate risks.

C) PRICE RISK

The Group is exposed to price risk on certain materials that are essential for its production operations.

The Protective Films segment is exposed to risks relating to certain oil byproducts, which it manages via its supplier contracts and sales pricing strategy.

The Fashion Technologies segment 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 and through its sales pricing strategy.

The Technical Substrates segment is exposed to fluctuations in the prices of chemical raw materials used in its manufacturing process. It manages this risk exposure by having several approved suppliers for its strategic products in order to diversify the related risk.

The Luxury Materials segment systematically matches its fixed-price sale commitments with fixed-price purchase commitments.

21.2 Credit risk

A) TRADE RECEIVABLES

The Group has no significant concentrations of credit risk as no one customer represents more than 5% of revenue. In addition, it obtains protection against receivables risk through credit insurance and letters of credit wherever possible.

The risk of non-recovery of trade receivables is reviewed at each monthly close and provisions for impairment are recognized for the following:

- doubtful receivables: these correspond to receivables for which legal proceedings have been launched. Such receivables are written down in an amount representing their full value excluding tax, less any credit insurance settlements receivable;
- past-due receivables: these correspond to receivables that are not disputed by customers but for which the Group has not yet obtained the related settlement despite several reminders. The impairment recognized on these receivables depends on the payments already received, or which are expected, and any changes in the customer's legal and financial situation.

At December 31, 2016 past-due receivables totaled €6.6 million.

B) COUNTRY RISK

The Group's geographical diversity means that it is not significantly exposed to political risk.

At December 31, 2016, four of the five main countries in which the Group's customers are located were rated at least "A" by Standard & Poor's.

Country	% of total revenue	Credit rating[1]
United States	18.1%	AA+
Italy	14.6%	BBB-
China and Hong Kong	9.5%	AAA (Hong Kong)
		AA- (China)
Germany	8.6%	AAA
France	7.4%	AA

(1) S&P/Moody's rating.

C) BANKING COUNTERPARTY RISK

The Group deals only with leading financial institutions for derivative instruments, cash-settled transactions and cash deposits.

D) INSURANCE COUNTERPARTY RISK

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 number of different insurance companies, which were all rated at least "A" by Standard & Poor's at December 31, 2016.

Insured risks	Credit rating[1]
Customer default	AA-
Freight	A+
Property & casualty	A
Liability	A+

(1) S&P/Moody's rating.

21.3 Liquidity risk

An analysis of the Group's borrowings is provided in note 17.

The Group manages its liquidity risk via the following three main strategies:

A) ENSURING THAT SHORT-TERM ASSETS EXCEED SHORT-TERM LIABILITIES

AT DECEMBER 31, 2016

(in euro 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	161.5	161.5	-	-
Long-term borrowings	(133.1)	-	(58.0)	(75.0)
Short-term portion of long-term borrowings	(8.1)	(8.1)	-	-
Short-term bank loans and overdrafts	(17.1)	(17.1)	-	-
NET CASH POSITION/(NET DEBT POSITION)	**3.2**	**136.3**	**(58.0)**	**(75.0)**
Derivative instruments – assets	0.5	0.5	-	-
Deposits	1.6	-	1.6	-
Derivative instruments – liabilities	(1.8)	(1.8)	-	-
OTHER FINANCIAL ASSETS AND LIABILITIES	**0.3**	**(1.3)**	**1.6**	**-**
SUB-TOTAL – FINANCIAL ASSETS AND LIABILITIES	**3.5**	**135.0**	**(56.4)**	**(75.0)**
Working capital				
Trade receivables	47.3	47.3	-	-
Inventories	105.3	105.3	-	-
Trade payables	(91.3)	(91.3)	-	-
SUB-TOTAL – OPERATING ASSETS AND LIABILITIES	**61.4**	**61.4**	**-**	**-**
TOTAL FINANCIAL AND OPERATING ASSETS AND LIABILITIES	**64.9**	**196.4**	**(56.4)**	**(75.0)**

AT DECEMBER 31, 2015

(in euro 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	97.7	97.7	-	-
Long-term borrowings	(49.1)	-	(46.2)	(2.9)
Short-term portion of long-term borrowings	(8.7)	(8.7)	-	-
Short-term bank loans and overdrafts	(16.7)	(16.7)	-	-
Net cash position/(Net debt position)	23.2	72.3	(46.2)	(2.9)
Derivative instruments – assets	1.1	1.1	-	-
Deposits	1.7	0.0	1.7	-
Derivative instruments – liabilities	(0.3)	(0.3)	-	-
Other financial assets and liabilities	2.5	0.8	1.7	-
SUB-TOTAL – FINANCIAL ASSETS AND LIABILITIES	**25.7**	**73.1**	**(44.5)**	**(2.9)**
Working capital				
Trade receivables	44.6	44.6	-	-
Inventories	101.0	101.0	-	-
Trade payables	(90.6)	(90.6)	-	-
SUB-TOTAL – OPERATING ASSETS AND LIABILITIES	**55.0**	**55.0**	**-**	**-**
TOTAL FINANCIAL AND OPERATING ASSETS AND LIABILITIES	**80.7**	**128.1**	**(44.5)**	**(2.9)**

NB: Receivables sold by the Group under no-recourse agreements are not included in the above table as the sales involve the transfer of title (see note 3). However, for reasons of prudence the Group has kept these receivables in the consolidated statement of financial position with a liability recognized for the amount of the cash proceeds received.

B) FORGING PARTNERSHIPS WITH BANKS WHILE MAINTAINING A DIVERSIFIED LENDER BASE

The Group works with over 25 banks and financial institutions, of which the five largest represent 79% of its available credit facilities (see note 17). At December 31, 2016, the five main banking partners had short-term ratings of at least A1 to F1+ and P1 and long-term ratings of at least A to AA, with stable outlooks.

C) APPLYING STRICT RULES FOR FINANCING ARRANGEMENTS

When negotiating financing arrangements, the Group is particularly careful to ensure that the related documentation minimizes liquidity risk. To this end, specific negotiation standards have been issued and documentation for material financing arrangements has to be validated at several different levels.

NOTES – ADDITIONAL INFORMATION

22 – Related-party transactions

The Group has identified the following related parties:

- its joint ventures and associates (see note 13);
- its senior executives.

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION

	Year ended December 31			
(in euro thousands)	**2016**	2015	Year-on-year change	
Compensation paid to directors[(1)]	200.0	45.0		
Compensation paid to senior executives[(2)]	966.4	1,189.3		
SHORT-TERM BENEFITS	**1,166.4**	**1,234.3**	**(67.9)**	**5.5%**
Post-employment benefits	-	-		
Other long-term benefits	-	-		
Termination benefits	-	1,683.3		
Share-based payments	-	-		
TOTAL AWARDED FOR THE PERIOD	**1,166.4**	**2,917.6**	**(1,751.2)**	**(60%)**

(1) The compensation paid to directors solely corresponds to directors' fees.
(2) Includes the total of basic fixed compensation and variable compensation based on quantitative and qualitative criteria/conditions.

23 – Commitments and contingencies

23.1 Commercial commitments

At December 31, 2016, Chargeurs and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €0.8 million.

23.2 Guarantees

At December 31, 2016, Chargeurs and its subsidiaries had given guarantees for a total of €33.8 million.

23.3 Collateral

At December 31, 2016, Chargeurs and its subsidiaries had granted collateral representing a total of €2.8 million.

23.4 Operating leases

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

(in euro thousands)	**Dec. 31, 2016**	Dec. 31, 2015
Due in less than one year	1.6	2.0
Due in one to five years	4.4	5.8
Due in more than five years	1.1	1.7
TOTAL	**7.1**	**9.5**

Operating leases mainly concern premises (€4.0 million) and plant and equipment.

23.5 Legal risks

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

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

24 – Subsequent events

No significant events occurred between December 31, 2016 and the date on which these financial statements were issued.

25 – Main consolidated companies

At December 31, 2016, 56 companies were fully consolidated (compared with 57 in 2015), and nine were accounted for by the equity method (10 in 2015).

Parent company	Chargeurs SA
A – MAIN FULLY CONSOLIDATED COMPANIES	
France	Chargeurs Boissy SARL – Chargeurs Textiles SAS – Chargeurs Entoilage SA
Germany	Chargeurs Deutschland GmbH – Leipziger Wollkämmerei AG
PROTECTIVE FILMS SEGMENT	
Holding company for the segment	**Chargeurs Films de Protection SA**
France	Novacel SA
Italy	Boston Tapes S.p.A. – Boston Tapes Commercial S.r.l. – Novacel Italia S.r.l.
Germany	Novacel GmbH
United Kingdom	Novacel UK Ltd
Spain	Novacel Iberica S.p.a
Belgium	SA Novacel Belgium N.V
North America	Chargeurs Protective Films Inc. – Novacel Inc. – Main Tape Inc. – T.L.C. Inc
Asia	Novacel Shanghai Co. Ltd. (China) – Novacel Korea Ltd. (South Korea)
FASHION TECHNOLOGIES SEGMENT	
Holding company for the segment	**Fitexin**
France	Lainière de Picardie BC SAS
Italy	Chargeurs Interfodere Italia
Germany	Lainière de Picardie Deutschland GmbH
United Kingdom	Chargeurs Interlining (UK) Ltd
Portugal	Chargeurs Entretelas (Iberica) Ltd
Romania	Lainière de Picardie Insertii S.r.l.
North America	Lainière de Picardie Inc.
South America	Lainière de Picardie Golaplast Brazil Textil Ltda – Entretelas Americanas SA – Lainière de Picardie_DHJ Chile SA
Africa	Stroud Riley (Proprietary) Limited (South Africa) – ADT Chargeurs Entoilage Tunisie SARL (Tunisia)
Asia	Chargeurs Interlining (H.K.) Limited – LP (Wujiang) Textiles Co. Ltd – Lainière de Picardie Korea Co. Ltd – DHJ Interlining Limited – Etacol Bangladesh Ltd – Chargeurs Interlining Singapore PTE Ltd (Singapore) – Intissel Lanka PVT Ltd (Sri Lanka) - Intissel China Ltd (China)
TECHNICAL SUBSTRATES SEGMENT	
France	Senfa
LUXURY MATERIALS SEGMENT	
Holding company for the segment	**Chargeurs Wool Holding GmbH**
France	Chargeurs Wool (Eurasia) SAS
Italy	Chargeurs Wool Sales (Europe) S.r.l.
New Zealand	Chargeurs Wool (NZ) Limited
North America	Chargeurs Wool (USA) Inc.
B - MAIN COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD (LUXURY MATERIALS SEGMENT)	
North America	USA Wool (35%)
South America	Lanas Trinidad SA (50%) (Uruguay) - Chargeurs Wool (Argentina) SA (50%), and its subsidiary Peinaduria Rio Chubut (25%)
Asia Pacific	Zhangjiagang Yangtse Wool Combing Co. Ltd (50%) and its subsidiary Yangtse (Australia) Pty Ltd

The percentages indicated correspond to Chargeurs' percentage of control at December 31, 2016 for companies that are not almost or entirely wholly owned by the Group.

5.1.2. STATUTORY AUDITORS' REPORT ON THE 2016 CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2016

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

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Chargeurs S.A.;
- 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 consolidated 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*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. We assessed the data and assumptions on which these estimates and judgments were based, and examined, on a test basis, the calculations performed by the Company. We compared accounting estimates of prior periods with the actual results and reviewed procedures for the approval 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.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris, March 27, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	S&W Associés
Eric Bertier	Virginie Coniau

5.2. THE GROUP'S 2015 CONSOLIDATED FINANCIAL STATEMENTS

5.2.1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Consolidated Statement of Financial Position

ASSETS

(in euro millions)	Note	Dec. 31, 2015	Dec. 31, 2014
Non-current assets			
Intangible assets	4	78.5	72.6
Property, plant and equipment	5	55.9	50.3
Investments in associates and joint ventures	7	18.1	27.1
Deferred taxes	8	27.1	13.5
Non-current financial assets			
▪ Investments in non-consolidated companies	9	0.4	0.8
▪ Long-term loans and receivables		1.7	2.2
Derivative financial instruments	10	-	-
Other non-current assets		0.5	0.6
		182.2	**167.1**
Current assets			
Inventories and work-in-progress	11	101.0	98.2
Trade receivables	12	44.6	44.2
Factored receivables[1]	12 & 21	48.9	43.9
Derivative financial instruments	10	1.1	0.6
Other receivables	13	24.9	24.7
Cash and cash equivalents	14	97.7	72.7
		318.2	**284.3**
Assets held for sale	**15**	**-**	**0.2**
TOTAL ASSETS		**500.4**	**451.6**

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

Notes 1 to 33 are an integral part of the 2015 consolidated financial statements.

EQUITY AND LIABILITIES

(in euro millions)		Dec. 31, 2015	Dec. 31, 2014
Equity			
Attributable to owners of the parent			
Share capital	16	3.7	2.6
Share premium account	16	53.0	42.2
Reserves (before profit for the period)	16	126.1	115.8
Profit for the period		15.3	10.8
Treasury stock	16	(0.2)	(0.2)
Translation reserve	22	21.4	11.4
		219.3	182.6
Non-controlling interests		**3.1**	**3.8**
TOTAL EQUITY		**222.4**	**186.4**
Non-current liabilities			
Convertible bonds	17	-	11.2
Long-term borrowings	18	49.1	42.0
Deferred taxes	8	-	-
Pension and other post-employment benefit obligations	19	14.6	15.5
Provisions	20	0.7	0.4
Other non-current liabilities	21	8.1	10.3
		72.5	**79.4**
Current liabilities			
Trade payables		90.6	88.6
Other payables	21	38.9	30.6
Factoring liabilities(1)	12 & 21	48.9	43.9
Current income tax liability		1.5	0.6
Derivative financial instruments	10	0.3	0.7
Short-term portion of long-term borrowings	18	8.6	6.7
Short-term bank loans and overdrafts	18	16.7	14.7
		205.5	**185.8**
Liabilities related to assets held for sale	**15**	**-**	**-**
TOTAL LIABILITIES		**500.4**	**451.6**

(1) Related to receivables for which title has been transferred (see note 3.2).

Notes 1 to 33 are an integral part of the 2015 consolidated financial statements.

Consolidated Income Statement

(in euro millions)	Note	Year ended December 31 2015	2014
Revenue		**498.7**	**478.3**
Cost of sales		(378.2)	(370.9)
Gross profit		**120.5**	**107.4**
Distribution costs		(53.9)	(49.7)
Administrative expenses		(32.1)	(30.9)
Research and development costs		(3.9)	(3.9)
Recurring operating profit		**30.6**	**22.9**
Other operating income	23	0.2	0.2
Other operating expense	23	(6.8)	(1.7)
Operating profit		**24.0**	**21.4**
Finance costs, net		(3.5)	(3.7)
Other financial expense		(2.3)	(2.9)
Other financial income		0.5	0.3
Net financial expense	**25**	**(5.3)**	**(6.3)**
Share of profit/(loss) of equity-accounted investees	7	(10.7)	(0.3)
Pre-tax profit for the period		**8.0**	**14.8**
Income tax expense	26	7.5	(4.1)
Profit from continuing operations		**15.5**	**10.7**
Profit/(loss) from discontinued operations	15	-	0.2
PROFIT FOR THE PERIOD		**15.5**	**10.9**
Attributable to:			
Owners of the parent		15.3	10.8
Non-controlling interests		0.2	0.1
Earnings per share *(in euros)*	**27**		
Basic earnings per share			
▪ From continuing operations		0.78	0.67
▪ From discontinued operations		-	0.01
Profit for the period		**0.78**	**0.68**
Diluted earnings per share			
▪ From continuing operations		0.78	0.51
▪ From discontinued operations		-	0.01
Profit for the period		**0.78**	**0.52**
Weighted average number of shares outstanding		19,615,969	15,659,563

Notes 1 to 33 are an integral part of the 2015 consolidated financial statements.

Consolidated Statement of Comprehensive Income

(in euro millions)	Year ended December 31 2015	2014
Profit for the period	**15.5**	**10.9**
Exchange differences on translating foreign operations	10.2	14.8
Cash flow hedges	0.7	(0.4)
Total items that may be reclassified subsequently to profit or loss	**10.9**	**14.4**
Other components of other comprehensive income	0.8	(0.1)
Actuarial gains and losses on post-employment benefit obligations	0.8	(3.0)
Income tax on items that will not be reclassified to profit or loss	(0.1)	-
Total items that will not be reclassified to profit or loss	**1.5**	**(3.1)**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	12.4	11.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**27.9**	**22.2**
Attributable to:		
Owners of the parent	27.5	21.7
Non-controlling interests	0.4	0.5

Consolidated Statement of Changes in Equity

(in euro millions)	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Actuarial gains and losses on post-employment benefit obligations	Treasury stock	Total equity attributable to owners of the parent	Non-controlling interests	Total
AT DECEMBER 31, 2013	2.3	39.5	122.1	(3.0)	0.0	(2.8)	(0.2)	157.9	3.3	161.2
Issue of share capital	0.3	2.7						3.0		3.0
Profit for the period			10.8					10.8	0.1	10.9
Other components of comprehensive income			(0.1)	14.4	(0.4)	(3.0)		10.9	0.4	11.3
AT DECEMBER 31, 2014	2.6	42.2	132.8	11.4	(0.4)	(5.8)	(0.2)	182.6	3.8	186.4
Issue of share capital	1.1	10.8						11.9		11.9
Payment of dividends			(3.2)					(3.2)		(3.2)
Profit for the period			15.3					15.3	0.2	15.5
Effect of changes in scope of consolidation[1]			0.5					0.5	(1.1)	(0.6)
Other comprehensive income for the period			0.8	10.0	0.7	0.7		12.2	0.2	12.4
AT DECEMBER 31, 2015	**3.7**	**53.0**	**146.2**	**21.4**	**0.3**	**(5.1)**	**(0.2)**	**219.3**	**3.1**	**222.4**

(1) Corresponding to the first-time consolidation of Chargeurs Insertii SRL (a Chargeurs Fashion Technologies subsidiary based in Romania), which was previously included in "Investments in non-consolidated companies".

Notes 1 to 33 are an integral part of the 2015 consolidated financial statements.

Consolidated Statement of Cash Flows

(in euro millions)	Note	Year ended December 31 2015	2014
Cash flows from operating activities			
Pre-tax profit of consolidated companies		18.7	15.1
Elimination of income and expense with no impact on cash or not linked to activity		11.3	9.5
■ *Depreciation and amortization expense*	*4 & 5*	*9.7*	*8.9*
■ *Provisions and pension and other post-employment benefit obligations*		*(0.1)*	*(1.3)*
■ *Impairment of non-current assets*		*0.3*	*0.4*
■ *Fair value adjustments*		*(0.2)*	*0.3*
■ *Impact of discounting*		*1.0*	*1.4*
■ *(Gains)/losses on sales of investments in non-consolidated companies and other non-current assets*		*(0.2)*	*0.1*
■ *Exchange (gains)/losses on foreign currency receivables and payables*		*0.8*	*(0.3)*
Income tax paid		(5.9)	(4.6)
Cash generated by operations		**24.1**	**20.0**
Dividends from equity-accounted investees		0.3	0.7
Change in operating working capital		8.0	8.6
Net cash from operating activities		**32.4**	**29.3**
Cash flows from investing activities			
Acquisitions of subsidiaries, net of the cash acquired			
Proceeds from disposals of subsidiaries			
Purchases of intangible assets	4	(0.8)	(0.3)
Proceeds from sales of intangible assets		0.1	0.1
Purchases of property, plant and equipment	5	(13.3)	(9.7)
Proceeds from sales of property, plant and equipment		0.4	0.8
Purchases of financial assets			-
Proceeds for sales of other financial assets			-
Impact of changes in scope of consolidation			
Other movements		0.7	(0.8)
Net cash from/(used in) investing activities		**(12.9)**	**(9.9)**
Cash flows from financing activities			
Proceeds from issues of shares on conversion of bonds	16	11.9	3.0
Bond conversions	16	(11.9)	(3.0)
Returns of capital to minority shareholders of subsidiaries		(1.1)	-
(Repurchase)/sale of treasury shares			
Proceeds from new borrowings	18	17.7	28.3
Decrease in bank borrowings	18	(9.0)	(22.5)
Change in bank overdrafts	18	1.5	-
Other movements		(1.1)	(1.1)
Dividends paid to owners of the parent		(3.2)	-
Net cash from/(used in) financing activities		**4.8**	**4.7**
Increase/(decrease) in cash and cash equivalents		**24.3**	**24.1**
Cash and cash equivalents at beginning of period	14	72.7	48.0
Reclassification of cash and cash equivalents under "Assets held for sale"		-	(0.3)
Effect of changes in foreign exchange rates on cash and cash equivalents		0.7	0.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**14**	**97.7**	**72.7**

Notes 1 to 33 are an integral part of the 2015 consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

- **Chargeurs Protective Films** develops, manufactures and markets technical solutions to protect steel, aluminum, plastic and other surfaces during the production process.
- **Chargeurs Technical Substrates** develops, manufactures and markets functionalized coated technical substrates (this business segment was previously included in Chargeurs Fashion Technologies, see note 1.2).
- **Chargeurs Fashion Technologies** manufactures and markets garment interlinings.
- **Chargeurs Wool** manufactures and markets wool tops.

Chargeurs Fashion Technologies is the new name of Chargeurs Interlining, adopted in 2015.

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

Chargeurs shares are listed on Euronext Paris.

The consolidated financial statements for the year ended December 31, 2015 were approved by the Board of Directors on March 9, 2016 and will be submitted to shareholders for approval on May 4, 2016. All amounts are expressed in millions of euros, unless otherwise specified.

The Board of Directors has decided to ask shareholders at the Annual General Meeting to be held on May 4, 2016 to approve payment of a dividend of €0.30 per share for 2016.

1 – Significant events of the year

1.1 Changes in ownership structure

On October 30, 2015, Columbus Holding SAS acquired from the concert group comprising Jérôme Sedoux and the companies he controls (Pathé and OJEJ), and Eduardo Malone and the company he controls (SOFI EMY), all of their respective interests in Chargeurs, representing 6,334,805 shares.

Subsequent to the year end, Sycomore announced – on behalf of funds it manages – that it had raised its ownership interest to above the threshold of 5% of Chargeurs' capital.

1.2 Operating Segments

Since January 1, 2015, Chargeurs has analyzed its business according to four business segments to provide a better view of its performance. The newly introduced segment, Chargeurs Technical Substrates, functionalizes fabric-based and other technical substrates used in such fast growing markets as advertising, decoration and safety.

Chargeurs Technical Substrates was previously included in the Chargeurs Fashion Technologies segment but in light of the segment's very good performance and growth prospects, management decided to track it separately. The internal reporting system has been updated to reflect the new organization.

1.3 Acquisitions – Disposals

There were no material changes in the scope of consolidation during 2015.

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 2015 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).

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

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

2.2 List of new, revised and amended standards and interpretations

A) NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS WHOSE APPLICATION WAS MANDATORY FOR THE FIRST TIME IN THE YEAR ENDED DECEMBER 31, 2015

Adopted by the European Union

- IFRIC 21 – Levies.
- Annual Improvements, 2011-2013 cycle, published on December 12, 2013.

Application of IFRIC 21 did not have any material impact on the consolidated financial statements at December 31, 2015 and the comparative information has therefore not been restated. Retrospective application of this standard would have an impact of less than €0.3 million on opening equity.

B) NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE PERIODS AND NOT EARLY ADOPTED BY THE GROUP

Adopted by the European Union

- Annual Improvements, 2010-2012 cycle, published on December 12, 2013.
- Amendment to IAS 19 – Defined Benefit Plans: Employee Contributions.
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants.
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization.
- Amendment to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations.

Not yet adopted by the European Union

- IFRS 9 – Financial Instruments.
- IFRS 14 – Regulatory Deferral Accounts.
- IFRS 15 – Revenue from Contracts with Customers.
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IAS 27 – Equity Method in Separate Financial Statements.
- Amendments to IAS 1 – Disclosure initiative.
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception.
- Annual Improvements, 2012-2014 cycle, published on September 25, 2014.

2.3 Consolidation methods

A) SUBSIDIARIES

Subsidiaries are all entities that are directly or indirectly controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 deconsolidated from the date that control ceases.

Acquisitions of subsidiaries are accounted for using the acquisition 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.

The directly attributable costs of the business combination are recognized as an expense for the period in which they are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values. Goodwill arising on a business combination is measured as the excess of (a) over (b) as follows: (a) the aggregate of: (i) the acquisition-date fair value of the consideration transferred; (ii) the amount of any non-controlling interest in the acquiree (which can be measured either at fair value or based on the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets); (iii) the fair value of any previously held equity interest in the acquiree (as remeasured at the acquisition date with any resulting gain or loss recognized in profit); (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

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

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

Accounting policies of subsidiaries have been aligned with the policies adopted by the Group to ensure consistency.

B) TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Sales of shares to non-controlling interests resulting in a loss of control of the subsidiary give rise to gains and losses for the Group that are recorded in the income statement. Sales of shares to non-controlling interests that do not result in a loss of control are treated as an equity transaction with owners and recognized in the statement of changes in equity.

Acquisitions of additional shares in a subsidiary (above 50%) are recognized in the statement of changes in equity.

C) ASSOCIATES AND JOINT VENTURES

Joint arrangements are arrangements of which Chargeurs and one or more other parties have joint control.

The Group has joint control of an arrangement when decisions about the relevant activities require the unanimous consent of Chargeurs and the other parties sharing control.

The Group has significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the entity but does not have control or joint control of those policies, generally accompanying a shareholding representing between 20% and 50% of the voting rights.

Investments in joint ventures (entities of which the Group has joint control) and associates (entities over which the Group has significant influence) are accounted for by the equity method and are initially recognized at cost. The carrying amount of investments in associates and joint ventures includes goodwill (net of any accumulated impairment losses) identified on acquisition (see note 2.6).

The Group's share of post-acquisition profits or losses of associates and joint ventures is recognized in the income statement, and its share of post-acquisition movements in equity – which have no impact on profit or loss – is recognized directly in equity.

Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture.

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

D) NON-CONSOLIDATED COMPANIES

Distribution companies that have been recently created and/or individually generate less than €3 million in annual revenue are not consolidated.

This threshold may be raised in certain very specific cases, particularly for entities that operate in hyper-inflationary economies.

The effect on equity of including these companies in the scope of consolidation at December 31, 2015 would be an increase of less than €1.0 million.

2.4 Operating Segments

An operating segment is a group of assets and operations corresponding to a management unit. Chargeurs' senior management team – which is the Group's chief operating decision maker – has identified four operating segments for the Chargeurs Group:

- "Protective Films", which encompasses activities relating to the temporary protection of surfaces;
- "Fashion Technologies", which corresponds to the Group's technical textile operations;
- "Technical Substrates", which concerns functionalized coated technical substrates;
- "Wool", which comprises top making and sales of combed wool.

The reported segment information also includes a "non-operating" segment that primarily consists of the Group's holding companies.

The Group's segment information is based on the sectors identified above, which are the segments used in the Group's internal reporting system and reported to Chargeurs' senior management team for the purposes of making decisions about allocating resources and assessing performance.

A geographical area 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 has three geographical areas: Europe (including the Group's home market, France), the Americas and Asia (including the Pacific region and Africa).

2.5 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. Gains and losses on foreign currency cash flow hedges are accumulated in equity and 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, under "Other financial income" or "Other financial expense".

C) FOREIGN OPERATIONS

The results and financial position of all Group entities that have a functional currency other than the Euro are translated as follows: (i) items in the statement of financial position 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" or "Non-controlling 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, the exchange differences accumulated in the translation reserve are reclassified to the income statement and taken into account in determining the gain or loss on sale.

2.6 Intangible assets

A) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the acquisition-date fair value of the Group's share of the net identifiable assets of the acquired subsidiary. Goodwill arising on acquisitions of subsidiaries is included in "Intangible assets".

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Any impairment losses recognized against goodwill are irreversible.

The calculation of gains and losses on the disposal of an entity take into account the carrying amount of any goodwill relating to that entity.

Goodwill arising on acquisitions of associates and joint ventures is recorded under "Investments in associates and joint ventures" and is included in the impairment tests carried out on equity-accounted companies.

B) TRADEMARKS AND LICENSES

Trademarks and licenses are initially recognized at historical cost. They 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 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.

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

E) IMPAIRMENT OF INTANGIBLE ASSETS

Goodwill and other intangible assets with indefinite useful lives are tested for impairment at least once a year and more often where there is an indication that they may be impaired. An impairment loss is recognized if the assets' carrying amount exceeds its recoverable amount (see note 4).

Any impairment losses recognized against goodwill are irreversible.

The carrying amount of goodwill in the consolidated statement of financial position corresponds to the gross amount less any accumulated impairment losses.

2.7 Property and equipment

Property, plant and equipment (other than land) are stated at cost less depreciation and any accumulated impairment losses. Land is not depreciated and is therefore stated at cost less any accumulated impairment losses. Cost comprises the purchase price, capitalized interest and initial fair value adjustments. Capitalized interest corresponds to interest costs, whether on designated loans or on other designated sources of financing, that arise 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 said fair values were used as the assets' deemed cost at that date.

The cost of dismantling and removing old assets or restoring the site on which new assets are located is included in the cost of the new assets.

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.

A) LEASES

Leases that do not transfer to the Group 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 to the Group 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.

B) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Impairment tests are performed whenever there is any internal or external indication that the carrying amount of any items of property, plant or equipment may be impaired.

The Group also carries out annual impairment tests by operating segment which include property, plant and equipment.

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 calculated by comparing the sale proceeds with the carrying amount of the sold asset and are recognized in the income statement.

2.8 Financial assets and liabilities

A) 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.

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 reporting date.

In the consolidated statement of financial position, these items are recorded under "Derivative instruments" (note 10).

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 reporting date, in which case they are recorded as non-current assets under "Long-term loans and receivables" or "Other non-current assets".

They are recorded under "Long-term loans and receivables" or "Other non-current assets".

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 included in non-current assets unless management intends to dispose of them within twelve months of the reporting date.

Available-for-sale financial assets correspond to "Investments in non-consolidated companies" (note 9) in the consolidated statement of financial position.

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 18) as well as to other non-current liabilities, trade payables and other payables (note 21) in the consolidated statement of financial position.

B) RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS

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. An impairment loss is recognized where there is a prolonged decline in the value in use. The value in use is determined according to the financial criteria most adapted to the specific context of each company. These generally include share in equity and future profitability forecasts.

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.

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.

C) 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 original maturities of less than one year and are therefore stated at nominal value.

D) FAIR VALUE DISCLOSURES

IFRS 7 requires companies to disclose the technique used to measure financial instruments at fair value, based on the three levels of inputs 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 shows the fair value hierarchy classification for the Group's financial assets measured at fair value. No financial liabilities are measured at fair value other than derivative instruments.

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

2.9 Derivative instruments and hedges

The Group uses derivatives to hedge its exposure to currency risks. All derivative instruments are recognized in the statement of financial position at fair value, irrespective of whether that fair value is positive or negative.

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 initially recorded in other comprehensive income 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 classified as held for trading are recognized immediately in the income statement.

2.10 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.

2.11 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.

Turnover and obsolescence of inventories are analyzed by segment and category of inventory in order to determine the appropriate level of impairment.

2.12 Trade and other receivables

Trade receivables are initially recognized 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 recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the transaction. Indications that a receivable may be impaired include significant financial difficulties encountered by the debtor, the probability of the debtor filing for bankruptcy or a financial restructuring, a risk of default or a missed payment. 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".

2.13 Cash and cash equivalents

Cash and cash equivalents analyzed in the statement of cash flows 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 changes in value.

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

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

2.14 Assets held for sale and discontinued operations (discontinued, sold or to be sold)

A) ASSETS HELD FOR SALE

Non-current assets are classified as held for sale and presented on a separate line of the statement of financial position when (i) the Group has made a decision to sell the asset(s) concerned, (ii) the sale is considered to be highly probable, and (iii) the sale is expected to be completed within twelve months. These assets are measured at the lower of their carrying amount and fair value, which corresponds to the estimated selling price less costs to sell.

Income statement and cash flow statement items relating to assets held for sale are not presented on a separate line if they do not meet the IFRS 5 definition of a discontinued operation.

B) DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- represents a separate major line of business or geographical area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The Group decides whether a discontinued operation represents a major line of business or geographical area of operations based on both qualitative criteria (technology, market, products and geographical area) and quantitative criteria (revenue, earnings, cash flows and assets).

If the assets held by a discontinued operation are classified as held for sale they are measured at the lower of their carrying amount and fair value less costs to sell. The results and cash flows of discontinued operations are presented on a separate line in the consolidated income statement and statement of cash flows for each period presented.

2.15 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 Chargeurs shares (treasury stock), the consideration paid, including directly attributable incremental costs (net of income taxes), is deducted from equity attributable to owners of the parent until the shares are canceled, 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 owners of the parent.

2.16 Bond debt

Convertible bonds are compound financial instruments comprising two components – a financial liability and an equity instrument – which are measured and accounted for separately. In accordance with IAS 32 – Financial Instruments: Presentation, the carrying amount of the equity instrument corresponds to the difference between the fair value of the compound instrument as a whole and the fair value of the financial liability, calculated as the fair value of a similar liability that does not have an associated equity component. The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is not adjusted during the life of the instrument. The liability component is measured at amortized cost over the instrument's expected life.

2.17 Borrowings

Borrowings are initially recognized 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 reporting date, in which case they are classified as non-current.

2.18 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 19R.

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

Actuarial gains and losses on post-employment benefit obligations are recognized in other comprehensive income and may not be subsequently reclassified to profit or loss.

Actuarial gains and losses on other long-term employee benefits and length-of-service awards payable to employees on retirement are recognized in the income statement in the period in which they arise.

Gains and losses arising from plan amendments are recognized in the income statement under "Other operating income" or "Other operating expense".

Employee benefit expense is divided into two categories as follows:

- the increase in the provision due to the passage of time, net of the return on plan assets, is recognized as a financial expense. The expected return on plan assets is measured using an interest rate that is the same as the discount rate used for calculating the provision;
- the expense corresponding to service cost is allocated to the relevant operating expense line items by function.

2.19 Provisions

Provisions for site remediation, 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 reporting 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.

2.20 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.

2.21 Recurring operating profit

Recurring operating profit is used by the Group as an indicator of sustainable long-term performance. It is stated before other operating income and expense, which correspond to non-recurring items that represent material amounts, are unusual in nature and occur infrequently, and therefore distort assessments of the Group's underlying performance.

Recurring operating profit corresponds to gross profit after distribution costs, administrative expenses and research and development costs.

2.22 Other operating income and expense

Other operating income and expense include non-recurring items that represent material amounts, are unusual in nature and occur infrequently, with the result that they are difficult to predict. They primarily include restructuring costs, impairment losses and gains and losses on disposal of property, plant and equipment and intangible assets.

2.23 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding, representing the number of shares issued less the average number of Chargeurs shares held by the Company or its subsidiaries.

Depending on the circumstances and financial market conditions at the year-end, the dilutive effect taken into account for the calculation of diluted earnings per share may result from employee stock options, stock warrants and/or convertible bonds. The dilutive instruments concerned are taken into account as from their grant or issue date, except in cases where their exercise price exceeds the market price of Chargeurs shares.

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 (CGUs) are determined based on calculations of value in use, which require the use of estimates (see note 4).

B) INCOME TAX

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

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

3.2 Critical judgments

For several years, the Group has sold receivables under no-recourse agreements involving the transfer of title.

Accordingly, these receivables are no longer recognized in the financial statements of the relevant entities.

IAS 39 – Financial Instruments: Recognition and Measurement, which deals with the derecognition of financial assets, including trade receivables, requires entities to base their analysis on the following three criteria: requires entities to base their analysis on the following three criteria:

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

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

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

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

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4 – Intangible assets

A) GOODWILL FOR FULLY CONSOLIDATED COMPANIES

The table below provides a breakdown by CGU of goodwill related to fully consolidated companies:

(in euro millions)	Chargeurs Protective Films	Chargeurs Fashion Technologies	Etacol	Chargeurs Technical Substrates	Total
DEC. 31, 2013	**46.9**	**13.6**	**3.3**	**-**	**63.8**
Translation adjustment	6.2	-	0.4	-	6.6
DEC. 31, 2014	**53.1**	**13.6**	**3.7**	**-**	**70.4**
Depreciation[(1)]	-	(0.1)	-	-	(0.1)
Translation adjustment	6.0	-	0.4	-	6.4
Other	-	(11.0)	-	11.0	-
DEC. 31, 2015	**59.1**	**2.5**	**4.1**	**11.0**	**76.7**

(1) Impairment of goodwill related to Chargeurs Yak Trading JV recognized in the first half of 2015.

Protective Films

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

Chargeurs Protective Films goodwill is measured in US dollars and the €6.0 million increase in its carrying amount between December 31, 2014 and December 31, 2015 was due to the dollar's appreciation against the euro over the period.

Fashion Technologies and Etacol

The Fashion Technologies segment also has a global management structure that is aligned with local needs. However, the Chargeurs Interlining CGU does not include the Group's two most recently acquired Interlining companies – Etacol in Bangladesh, acquired in 2008, and Yak in China, acquired in 2006 – which are treated as two separate CGUs. The Yak CGU comprises two Chinese entities, Chargeurs Yak Trading JV, which is 51%-owned by the Group, and 49%-owned Ningbo Lailong Bertero Interlining Co. Ltd, which is accounted for by the equity method at an amount equal to the Group's share of its net assets plus goodwill (see note 7).

Technical Substrates

Since January 1, 2015, the Group has analyzed its business according to four operating segments: Chargeurs Protective Films, Chargeurs Technical Substrates, Chargeurs Fashion Technologies and Chargeurs Wool, with the new Technical Substrates segment broken out from the Fashion Technologies segment. As part of this process, goodwill allocated to the Fashion Technologies segment was tested for impairment and €11.0 million was reallocated to the Technical Substrates segment.

GOODWILL IMPAIRMENT TESTS

The recoverable amounts of the three CGUs to which goodwill has been allocated were determined based on value in use calculations,

using the five-year cash flow projections contained in the business plans approved by management, as adjusted to comply with IAS 36. Cash flows beyond this five-year period were extrapolated by using the estimated growth rates shown in the table below.

The uncertain economic environment was taken into account in the CGUs' business plans, by basing revenue and earnings growth forecasts on conservative estimates. Projections assumed reasonable growth in the Group's profitability indicators over the duration of the plans.

The following method was used:

- a cash flow simulation model was developed based on various market parameters;
- The cash flow simulations were broken down into various scenarios based on different assumptions for WACC, growth rates and/or EBIT, taking into account the probability of each situation occurring.

The final value allocated to the CGUs' goodwill corresponds to the average value of all of the different simulated scenarios.

The main value-in-use assumptions applied were as follows:	2015 Chargeurs Protective Films	2015 Chargeurs Fashion Technologies (excl. Etacol & Yak)	2015 Etacol	2015 Chargeurs Technical Substrates	2014 Chargeurs Protective Films	2014 Chargeurs Fashion Technologies (excl. Etacol & Yak)	2014 Etacol
Average weighted operating margin over the business plan period[(1)]	11.00%	6.00%	12.00%	13.80%	8.52%	4.44%	8.70%
Perpetuity growth rate[(2)]	1.00%	1.00%	1.00%	2.00%	1.00%	1.00%	1.00%
Discount rate	8.09%	8.66%	8.66%	8.62%	8.53%	8.17%	8.17%

(1) Recurring operating profit as a % of revenue.
(2) The perpetuity growth rate is equal to or less than the medium- to long-term growth rate for the industry as a whole and for all the segments. The rate is used only for inflation.

The tests performed at the level of each CGU showed that their recoverable amount was greater than their carrying amount, except in the case of the Yak CGU.

During first-half 2015, the slowdown both in the Chinese economy and in certain markets served by the companies making up the Yak CGU prompted Chargeurs to test the CGU's goodwill for impairment at June 30, 2015.

These tests showed that the CGU's recoverable amount was less than its carrying amount and the Group therefore decided to record an impairment loss for the total amount of the related goodwill, including the €0.1 million in goodwill on the subsidiary recognized in "Intangible assets" and the €10.4 million in goodwill on the joint venture recognized in "Investments in associates and joint ventures" (see note 7).

SENSITIVITY TESTS

Tests were performed to determine the sensitivity of the values obtained to changes in all of the key assumptions presented above. A 100 basis-point increase in the discount rate used to calculate the recoverable amount of goodwill, combined with a 100 basis-point reduction in operating margin (corresponding to changes in the key assumptions that management considers "reasonably possible"), would not lead to the recognition of any impairment losses on the goodwill allocated to any of the Group's CGUs.

Similarly, the goodwill held by the Group's CGUs would not be affected if the objectives contained in the five-year business plans were achieved a year later than forecast.

B) OTHER INTANGIBLE ASSETS

In 2015, no development projects satisfied the asset recognition criteria in IAS 38.

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
DEC. 31, 2013	**0.4**	**0.9**	**0.3**	**0.9**	**2.5**
Additions[(1)]	0.1	-	-	0.5	0.6
Disposals	-	-	-	(0.1)	(0.1)
Amortization	(0.1)	(0.4)	-	(0.3)	(0.8)
Other	0.2	-	-	(0.2)	-
DEC. 31, 2014	**0.6**	**0.5**	**0.3**	**0.8**	**2.2**
Additions	-	-	0.1	0.7	0.8
Disposals	-	-	(0.1)	-	(0.1)
Amortization	(0.1)	(0.4)	-	(0.6)	(1.1)
DEC. 31, 2015	**0.5**	**0.1**	**0.3**	**0.9**	**1.8**

(1) Including €0.3 million worth of assets acquired under finance leases.

5 – Property, plant and equipment

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

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
DEC. 31, 2013	**2.6**	**11.6**	**18.2**	**3.9**	**1.2**	**37.5**
Additions(1)	-	0.1	19.5	0.3	1.6	21.5
Disposals	-	-	(0.3)	(0.9)	(0.3)	(1.5)
Amortization	-	(1.5)	(5.9)	(0.7)	-	(8.1)
Impairment	-	-	(0.2)	-	-	(0.2)
Other	-	0.1	(0.4)	1.3	(1.0)	-
Translation adjustment	-	0.4	0.7	-	-	1.1
DEC. 31, 2014	**2.6**	**10.7**	**31.6**	**3.9**	**1.5**	**50.3**
Additions(2)	-	0.8	7.9	1.8	3.2	13.7
Disposals	(0.1)	-	(0.1)	-	-	(0.2)
Depreciation	-	(1.6)	(5.9)	(1.1)	-	(8.6)
Impairment	-	-	(0.2)	-	-	(0.2)
Other	0.1	0.1	0.4	-	(0.4)	0.2
Translation adjustment	-	0.3	0.5	-	(0.1)	0.7
DEC. 31, 2015	**2.6**	**10.3**	**34.2**	**4.6**	**4.2**	**55.9**

(1) Including €11.8 million worth of assets acquired under finance leases (see note 6).
(1) Including €0.4 million worth of assets acquired under finance leases (see note 6).

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 statement of financial position at January 1, 2004 (the IFRS transition date).

(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) Impairment tests on the goodwill allocated to the Group's four cash-generating units – Chargeurs Protective Films, Chargeurs Technical Substrates and Chargeurs Fashion Technologies – are based in part on a review of the value of their respective assets based on the above approaches.

6 – Finance leases

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

(in euro millions)	**Dec. 31, 2015**	Dec. 31, 2014
Land	1.2	1.2
Buildings	19.5	19.5
Plant and equipment	31.7	31.1
Fixtures, fittings and other	7.0	7.0
Gross value	59.4	58.8
AMORTIZATION	**(42.7)**	**(39.3)**
Depreciation	**-**	**-**
NET VALUE	**16.7**	**19.5**

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

(in euro millions)	**Dec. 31, 2015**	Dec. 31, 2014
Future minimum lease payments under finance leases	20.2	25.9
Finance lease liabilities	19.0	23.2
Future finance cost	**1.2**	**2.7**

Future lease payments can be analyzed by maturity as follows:

(in euro millions)	Future minimum lease payments	Finance lease liabilities
Due in less than one year	7.5	7.3
Due in one to five years	11.1	10.3
Due in more than five years	1.6	1.4
TOTAL AT DEC. 31, 2015	**20.2**	**19.0**
Due in less than one year	5.5	4.6
Due in one to five years	17.4	15.8
Due in more than five years	3.0	2.8
TOTAL AT DEC. 31, 2014	**25.9**	**23.2**

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

7 – Investments in associates and joint ventures

A) COMPANIES

Fashion Technologies segment
Ningbo Lailong Bertero Interlining Co. Ltd

Wool segment
CW Uruguay includes the following companies: Lanas Trinidad SA, Lanera Santa Maria and its subsidiary Hart Newco.

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

Zhangjiagang Yangtse Wool Combing Co. Ltd comprises Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangtse (Australia) PTY Ltd.

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

(in euro millions)	Dec. 31, 2013	Share of profit/(loss)	Dividends received	Translation adjustment	Other	Dec. 31, 2014
Ningbo Lailong Bertero Interlining Co. Ltd	12.6	-	(0.7)	1.3	-	13.2
CW Uruguay	5.8	0.2	-	0.8	-	6.8
CW Argentina	1.6	0.3	-	(0.1)	-	1.8
Zhangjiagang Yangtse Wool Combing Co. Ltd	5.3	(0.9)	-	0.4	-	4.8
Other	0.1	-	-	-	-	0.1
TOTAL JOINT VENTURES	**25.4**	**(0.4)**	**(0.7)**	**2.4**	**-**	**26.7**
Wool USA	0.3	0.1	-	-	-	0.4
TOTAL ASSOCIATES	**0.3**	**0.1**	**-**	**-**	**-**	**0.4**
TOTAL EQUITY-ACCOUNTED INVESTEES	**25.7**	**(0.3)**	**(0.7)**	**2.4**	**-**	**27.1**

(in euro millions)	Dec. 31, 2014	Share of profit/(loss)	Dividends received	Translation adjustment	Other	Dec. 31, 2015
Ningbo Lailong Bertero Interlining Co. Ltd[(1)]	13.2	(10.4)	(0.3)	0.9	-	3.4
CW Uruguay	6.8	0.4	-	0.8	-	8.0
CW Argentina	1.8	-	-	(0.2)	-	1.6
Zhangjiagang Yangtse Wool Combing Co. Ltd	4.8	(0.8)	-	0.2	0.3	4.5
Other	0.1	-	-	-	-	0.1
TOTAL JOINT VENTURES	**26.7**	**(10.8)**	**(0.3)**	**1.7**	**0.3**	**17.6**
Wool USA	0.4	0.1	-	-	-	0.5
TOTAL ASSOCIATES	**0.4**	**0.1**	**-**	**-**	**-**	**0.5**
TOTAL EQUITY-ACCOUNTED INVESTEES	**27.1**	**(10.7)**	**(0.3)**	**1.7**	**0.3**	**18.1**

(1) See note 4: goodwill impairment recognized as of June 30, 2015.

B) KEY FIGURES FOR THE MAIN EQUITY-ACCOUNTED INVESTEES

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

	At December 31, 2015				At December 31, 2014			
(in euro millions)	Ningbo Lailong Bertero Interlining Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Ningbo Lailong Bertero Interlining Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd
Non-current assets	2.8	3.8	1.4	5.6	3.2	3.7	1.7	5.4
Current assets	5.4	44.4	13.1	29.3	5.0	42.8	13.6	32.3
Cash and cash equivalents	0.6	1.2	0.4	2.2	0.7	0.9	0.5	2.1
Other non-current liabilities	0.7	0.1	0.4	-	0.6	0.1	0.3	0.1
Current financial liabilities	-	18.7	7.6	11.2	-	24.8	8.1	11.2
Other current liabilities	1.2	14.6	3.7	16.9	1.0	8.9	3.8	18.1
TOTAL NET ASSETS	**6.9**	**16.0**	**3.2**	**9.0**	**7.3**	**13.6**	**3.6**	**10.4**
% interest	49%	50%	50%	50%	49%	50%	50%	50%
Group share	3.4	8.0	1.6	4.5	3.6	6.8	1.8	5.2
Goodwill	-	-	-	-	9.6	-	-	(0.4)
CARRYING AMOUNT OF EQUITY-ACCOUNTED INVESTEES	**3.4**	**8.0**	**1.6**	**4.5**	**13.2**	**6.8**	**1.8**	**4.8**

(in euro millions)	At December 31, 2015 Ningbo Lailong Bertero Interlining Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	At December 31, 2014 Ningbo Lailong Bertero Interlining Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd
Revenue	8.6	68.6	17.9	39.3	7.5	52.8	15.9	36.2
Depreciation, amortization and impairment	(0.6)	(0.6)	-	(1.3)	(0.5)	(0.6)	-	(1.4)
Finance costs, net	-	(1.1)	(2.0)	(0.7)	-	(0.6)	(0.9)	(0.6)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**-**	**0.7**	**0.1**	**(1.7)**	**0.1**	**0.4**	**0.6**	**(1.8)**
% interest	49%	50%	50%	50%	49%	50%	50%	50%
Impairment of goodwill(1)	(10.4)	-	-	-	-	-	-	-
GROUP SHARE OF PROFIT/(LOSS)	**(10.4)**	**0.4**	**-**	**(0.8)**	**-**	**0.2**	**0.3**	**(0.9)**

(*) See note 4: goodwill impairment recognized as of June 30, 2015.

8 – Deferred taxes

A) ANALYSIS BY PROBABLE RECOVERY/SETTLEMENT DATE (BEFORE NETTING ASSET AND LIABILITY POSITIONS FOR THE SAME TAXABLE ENTITY)

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
Deferred tax assets		
▪ Recoverable beyond 12 months	27.7	8.7
▪ Recoverable within 12 months	7.8	11.2
Deferred tax liabilities, net		
▪ To be settled beyond 12 months	(7.7)	(5.8)
▪ To be settled within 12 months	(0.7)	(0.6)
TOTAL	**27.1**	**13.5**

B) ANALYSIS BY SOURCE (BEFORE NETTING ASSET AND LIABILITY POSITIONS FOR THE SAME TAXABLE ENTITY)

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
Deferred tax assets		
▪ Temporary differences	8.6	12.2
▪ Tax loss carryforwards and tax credits	26.9	7.7
Deferred tax liabilities		
▪ Temporary differences	(8.4)	(6.4)
TOTAL	**27.1**	**13.5**

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

The tax assets arising from group relief in France (tax loss carryforwards and deductible temporary differences) amounted to €20.1 million at December 31, 2015 (€6.9 million at December 31, 2014).

No deferred tax assets have been recognized for most of the evergreen losses of the various tax groups (see below).

Tax loss carryforwards were as follows at December 31, 2015:

(in euro millions)	French tax group	US tax group	German tax group	Other countries, excluding tax groups	**Total tax loss carryforwards**	*o/w unrecognized*
Available until						
2016	-	-	-	-	-	-
2017	-	-	-	0.7	0.7	*0.7*
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020 and beyond	-	85.1	-	4.3	89.4	*78.6*
Evergreen losses	215.1	-	27.5	25.2	267.8	*206.6*
TOTAL TAX LOSS CARRYFORWARDS	**215.1**	**85.1**	**27.5**	**30.2**	**357.9**	-
o/w unrecognized	*156.4*	*75.9*	*25.2*	*28.4*	*285.9*	*285.9*

9 – Investments in non-consolidated companies

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

(in euro millions)	**Dec. 31, 2015**	Dec. 31, 2014
Interests of over 50%	0.3	0.7
Interests of between 20% and 50%	-	-
Interests of less than 20%	0.1	0.1
TOTAL	**0.4**	**0.8**

The decrease in this item in 2015 was due to the consolidation of LP Romania during the year.

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.

10 – Derivative financial instruments

The carrying amount of derivatives can be analyzed as follows:

(in euro millions)	**Dec. 31, 2015**	Dec. 31, 2014
Assets	1.1	0.6
Liabilities	(0.3)	(0.7)
NET	**0.8**	**(0.1)**

Derivatives are classified at level 2 in the fair value hierarchy, in accordance with IFRS 7R and as explained in note 2.8 d).

(in euro millions)	Dec. 31, 2015 Fair value	Dec. 31, 2015 Notional	Dec. 31, 2014 Fair value	Dec. 31, 2014 Notional
Assets net of liabilities				
Fair value hedges				
■ Currency hedges(1)	0.2	21.3	0.2	20.7
■ Commodity hedges	-	-	-	0.4
Cash flow hedges				
■ Currency hedges(1)	0.5	19.0	(0.2)	13.2
■ Interest rate hedges	(0.2)	(30.0)	-	-
■ Commodity hedges	-	-	(0.1)	6.6
Derivatives not qualifying for hedge accounting				
■ Currency hedges(1)	0.3	-	-	-
DERIVATIVE INSTRUMENTS – NET ASSET/(LIABILITY)	**0.8**	**10.3**	**(0.1)**	**40.9**

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

NET NOTIONAL AMOUNTS OF CURRENCY DERIVATIVES BY CURRENCY (NEGATIVE NOTIONAL AMOUNT = NET SELLER POSITION)

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
US dollar	25.9	27.9
Euro	-	0.5
Chinese yuan	9.3	5.1
British pound	5.1	0.4
TOTAL	**40.3**	**33.9**

Currency hedges on a notional amount of €40.3 million at December 31, 2015 include fair value hedges of assets and liabilities and firm commitments by subsidiaries, and cash flow hedges of net sales and net purchases, mainly in US dollars.

NET NOTIONAL AMOUNTS OF INTEREST RATE DERIVATIVES BY CURRENCY (NEGATIVE NOTIONAL AMOUNT = NET BORROWER POSITION)

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
Euro	(30.0)	-

MATURITIES OF DERIVATIVES AT FAIR VALUE

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
Less than 6 months	0.5	(0.2)
More than 6 months	0.3	0.1

11 – Inventories and work-in-progress

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

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
Gross value		
Raw materials and supplies	36.5	37.5
Finished and semi-finished goods and work-in-progress	70.1	65.5
Other	0.4	0.5
TOTAL - GROSS VALUE	**107.0**	**103.5**
Provisions for impairment	(6.0)	(5.3)
NET VALUE	**101.0**	**98.2**

(in euro millions)	**Dec. 31, 2015**	Dec. 31, 2014
Provisions for impairment at January 1	**(5.3)**	**(5.0)**
Increase in provisions for impairment of inventory	(2.2)	(1.6)
Reversals of provisions used	0.9	1.0
Reversals of surplus provisions	0.7	0.5
Changes in scope of consolidation	(0.1)	(0.2)
PROVISIONS FOR IMPAIRMENT AT DECEMBER 31	**(6.0)**	**(5.3)**

No inventories have been pledged as collateral.

12 – Trade receivables

(in euro millions)	**Dec. 31, 2015**	Not yet due	Past due	Dec. 31, 2014	Not yet due	Past due
Trade receivables						
Gross value	48.2	38.9	9.3	50.6	37.5	13.1
Provisions for impairment	(3.6)	(0.3)	(3.3)	(6.4)	(0.3)	(6.1)
NET VALUE	**44.6**	**38.6**	**6.0**	**44.2**	**37.2**	**7.0**

TRADE RECEIVABLES BY DUE DATE

(in euro millions)	**Dec. 31, 2015**	Dec. 31, 2014
Less than one month past due	2.8	3.6
One-to-three months past due	2.4	2.0
Three-to-six months past due	0.5	0.7
More than six months past due	0.3	0.7
NET VALUE	**6.0**	**7.0**

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 (see note 22).

Factored receivables (IAS 39)

At December 31, 2015, certain receivables had been sold under no-recourse agreements with factoring companies in France and abroad. These receivables are still shown in Chargeurs' consolidated statement of financial position even though they have been sold and despite the fact that title has been transferred to the factoring company (see note 3).

The amounts paid by the factoring companies for the receivables totaled €48.9 million at December 31, 2015 (€43.9 million at December 31, 2014).

13 – Miscellaneous receivables

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
Short-term tax receivables	1.3	0.5
Other receivables	23.6	24.2
Accruals	1.4	1.6
Provisions for impairment	(1.4)	(1.6)
NET VALUE	**24.9**	**24.7**

"Other receivables" primarily include tax credits, the difference between the nominal amount of receivables sold under no-recourse contracts and the sale proceeds, and supplier advances.

The fair value of these assets approximates their carrying amount.

14 – Cash and cash equivalents

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

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
Marketable securities	36.2	16.1
Term deposits	1.0	1.1
SUB-TOTAL	**37.2**	**17.2**
Cash at bank	60.5	55.5
TOTAL	**97.7**	**72.7**

There were no restrictions on the use of the cash and cash equivalents held by Group at December 31, 2015.

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

A) ASSETS HELD FOR SALE

The assets classified as held for sale at December 31, 2014 for an amount of €0.2 million were sold in 2015.

B) DISCONTINUED OPERATIONS

There were no discontinued operations in 2015.

16 – Equity

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since December 31, 2013 are as follows:

SHARES OUTSTANDING AT DECEMBER 31, 2013	**14,340,575**
Issuance of shares on conversion of bonds by bondholders	1,680,736
SHARES OUTSTANDING AT DECEMBER 31, 2014	**16,021,311**
Issuance of shares on conversion of bonds by bondholders	6,944,833
SHARES OUTSTANDING AT DECEMBER 31, 2015	**22,966,144**

Based on a par value of €0.16 per share, shares outstanding at December 31, 2015 represented issued capital of €3,674,583 (December 31, 2014: €2,563,410).

All Chargeurs shares have been called and are fully paid-up. The convertible bonds issued by Chargeurs in April 2010 were convertible by the bondholders up until 5:00 p.m. on December 22, 2015 (see note 17). During December, 101,216 new shares were issued on conversion of bonds and 7,745 shares were issued in settlement of the interest due on unconverted bonds. These 108,961 shares called in December 2015 and delivered on January 11, 2016, are included in the number of shares outstanding at December 31, 2015.

Double voting rights

Chargeurs' bylaws provide that shares registered in the name of the same owner for more than two years carry double voting rights. Consequently, in accordance with article L. 225-124 of the French Commercial Code (*Code de commerce*), holders of said shares are entitled to double voting rights at Chargeurs Shareholders' Meetings. At December 31, 2015, 249,850 shares carried double voting rights.

17 – Convertible bonds

A) DESCRIPTION OF THE ISSUE

In April 2010, Chargeurs SA issued (with pre-emptive subscription rights for existing shareholders) 415,083 convertible bonds with a face value of €55 each, representing an aggregate face value of €22,829,565. The offer ran from March 15 to 29, 2010 and was subscribed 1.78 times.

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

During 2015, 216,784 bonds were converted into shares. The aggregate par value of the shares issued on conversion was €1.1 million and the aggregate premium was €10.8 million, representing a total increase in equity of €11.9 million. Following these conversions, 1,285 bonds were redeemed at maturity.

	Dec. 31, 2015	Dec. 31, 2014
1 – Number of convertible bonds		
Start of period	218,069	272,393
Conversions during the period	216,784	54,324
END OF PERIOD	**1,285**	**218,069**
2 – Number of shares issued on conversion		
Start of period	5,644,214	3,963,478
Conversions	5,853,168	1,466,748
Coupon	1,083,920	213,988
END OF PERIOD	**12,581,302**	**5,644,214**
3 – Number of shares that could be issued before January 1, 2016		
Minimum	-	1,321,498
Maximum	-	6,978,208
4 – Number of shares that could be issued before January 1, 2016		
Maximum number as a result of conversions	-	6,978,208
Shares outstanding on December 31	22,966,144	16,021,311
TOTAL	**22,966,144**	**22,999,519**
5 – Gross amount of the initial issue *(in euros)*	**€22,829,565**	**€22,829,565**
6 – Maximum amount repayable at maturity for the convertible bond *(in euros)*	**€70,675**	**€11,993,795**

Coupon

Holders of bonds redeemed at maturity on January 1, 2016 received a stock-based remuneration equal to 6.06 Chargeurs shares per bond.

In the case of early redemption or conversion, the stock-based remuneration was calculated ratably based on the period that had elapsed since the issue date as shown below:

Year of conversion	Coupon
2011	0.76 shares
2012	1.82 shares
2013	2.88 shares
2014	3.94 shares
2015	5.00 shares

The stock-based coupon paid on conversion was recognized directly in equity as a deduction from the premium on the shares in accordance with the "fixed-for-fixed" rule and had no impact on profit. The finance cost recorded in the income statement corresponds to the effect of unwinding the discount on the liability component of the bonds, determined using the effective interest method.

A total of 216,784 bonds were converted in 2014, leading to the issue of 1,083,920 shares in respect of the stock-based coupon.

Life of the bonds

5 years and 261 days.

Redemption at maturity

The bonds were redeemable at maturity on January 1, 2016 (or the next business day if January 1, 2016 was not a business day) at their nominal value.

Listing

The convertible bonds were listed on the NYSE Euronext Paris stock market (ISIN: FR0010870931).

Conversion ratio adjustments

The usual adjustments that could be necessary as a result of any corporate actions were described in the prospectus published on the AMF website.

B) ACCOUNTING TREATMENT

The market interest rate used on initial recognition of the bonds in 2010 to calculate the fair value of the debt and the initial breakdown between the bonds' equity and liability components are presented below:

- Market interest rate used to calculate fair value: 5.35%
- Equity component of the convertible bonds: €4.6 million
- Fair value of the liability component on the issue date: €16.8 million

During 2015, as the bonds were about to mature, the 216,784 outstanding bonds were converted, leading to an €11.2 million reduction in the Group's bond debt and a discounting adjustment of €0.8 million (recorded as a financial expense). This decrease in bond debt was offset by a corresponding increase in equity, including €1.1 million added to share capital and €10.8 million recorded in the share premium account.

At December 31, 2015,

- no bonds were outstanding;
- and the effective interest rate was 7.3% and the finance cost for the year was €0.8 million.

18 – Borrowings

A) NET CASH POSITION

CHANGE IN NET CASH POSITION

		Cash movements		Non-cash movements				
(in euro millions)	Dec. 31, 2014	Increase	Decrease	Impact of changes in scope of consolidation	Changes in exchange rates	Other	**Dec. 31, 2015**	**Interest rate Dec. 31, 2015**
Bank borrowings	25.5	17.7	(4.2)	-	-	(0.3)	38.7	3.02%
Finance lease liabilities	23.2	0.4	(4.8)	-	0.2	-	19.0	
Bank overdrafts	14.7	1.5	-	-	0.2	0.3	16.7	
TOTAL BANK BORROWINGS AND OVERDRAFTS	**63.4**	**19.6**	**(9.0)**	**-**	**0.4**		**74.4**	
Cash and cash equivalents	(72.7)	(24.1)	-	(0.2)	(0.7)	-	(97.7)	
NET CASH POSITION/ (NET DEBT POSITION)	**(9.3)**	**(4.5)**	**(9.0)**	**(0.2)**	**(0.3)**		**(23.3)**	

ANALYSIS OF THE CHANGE IN NET CASH POSITION

	Dec. 31, 2015
Cash flows from operating activities	**32.4**
Cash flows from investing activities	**(12.9)**
Returns of capital to minority shareholders of subsidiaries	(1.1)
Other movements	(1.1)
Dividends paid to owners of the parent	(3.2)
Other cash flows	**(5.4)**
New finance lease liabilities	(0.4)
Currency effect	0.3
CHANGE IN NET CASH	**14.0**

B) BORROWINGS

Chargeurs' borrowings fulfill the criteria for classification as "Other financial liabilities". Borrowings are measured using the amortized cost method.

(in euro millions)	**Dec. 31, 2015**	Dec. 31, 2014
Bank borrowings	38.7	25.5
Finance lease liabilities	19.0	23.2
TOTAL	**57.7**	**48.7**

Long-term debt at December 31, 2015 can be analyzed as follows by repayment currency:

(in euro millions)	**Dec. 31, 2015**	Dec. 31, 2014
Euro	56.5	47.8
Other	1.2	0.9
TOTAL	**57.7**	**48.7**

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

(in euro millions)	**Dec. 31, 2015**	o/w fixed rate	o/w variable rate	Dec. 31, 2014	o/w fixed rate	o/w variable rate
Due in less than one year	8.6	6.9	1.7	6.7	4.0	2.7
Due in one to two years	5.1	4.0	1.1	5.9	4.0	1.9
Due in two to three years	20.0	18.8	1.2	5.7	4.3	1.4
Due in three to four years	3.3	1.6	1.7	20.7	3.9	16.8
Due in four to five years	17.8	16.5	1.3	3.8	1.9	1.9
Due in more than five years	2.9	1.4	1.5	5.9	1.8	4.1
TOTAL	**57.7**	**49.2**	**8.5**	**48.7**	**19.9**	**28.8**

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

At December 31, 2015, the carrying amount of borrowings originally contracted at fixed rates was €49.2 million. Average fixed-rate borrowings represented 77.7% of total average borrowings in 2015 (47.8% in 2014).

The average interest rate on long-term borrowings was 3.02% at December 31, 2015 (5.09% at December 31, 2014).

In 2015, Chargeurs SA obtained a new €15.0 million 5-year bank loan that was used to refinance existing facilities on more attractive terms and to finance development operations.

The Group's two bank loans at December 31, 2015, representing a total of €30.0 million, are subject to the following hard covenants that were complied with at that date:

- Net debt/equity ≤ 0.55;
- Net debt/EBITDA ≤ 3.50.

At December 31, 2015, Group companies had access to lines of financing (short-, medium- and long-term maturities combined) totaling €95.0 million, of which €22.0 million was unused. Subsequently, during the first quarter of 2016, the Group negotiated €15.0 million of additional confirmed 3- and 5-year lines.

19 – Pension and other post-employment benefit obligations

Pension and other post-employment benefit obligations can be analyzed as follows:

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
Post-employment benefit obligations	12.5	13.3
Post-employment healthcare plans	0.5	0.6
Other long-term benefit obligations	1.6	1.6
NET LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	**14.6**	**15.5**

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 jubilee awards.

The amounts recognized in the statement of financial position for these plans can be analyzed as follows:

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
Present value of obligations – funded plans	20.9	20.6
Fair value of plan assets	(16.8)	(16.1)
NET PRESENT VALUE OF OBLIGATIONS – FUNDED PLANS	**4.1**	**4.5**
Present value of obligations – unfunded plans	10.5	11.0
NET LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	**14.6**	**15.5**

Movements in the projected benefit obligation under funded plans were as follows:

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
PROJECTED BENEFIT OBLIGATIONS AT JANUARY 1	**20.6**	**19.2**
Service cost	0.2	0.1
Interest cost	0.8	0.8
Curtailments and settlements	(0.1)	(1.4)
Benefits paid out of plan assets	(1.6)	(1.2)
Actuarial (gains)/losses for the period	(1.0)	1.6
Translation adjustment	2.0	2.2
Change from a funded to an unfunded obligation	-	(0.6)
Other	-	(0.1)
PROJECTED BENEFIT OBLIGATIONS AT DECEMBER 31	**20.9**	**20.6**

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

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	**16.1**	**15.7**
Actuarial gains/(losses) for the period	(0.8)	0.1
Expected return on plan assets	0.7	0.7
Employer contributions	0.7	1.3
Benefits paid out of plan assets	(1.6)	(1.8)
Curtailments and settlements	-	(1.0)
Translation adjustment	1.7	1.7
Asset repayment	-	(0.6)
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**16.8**	**16.1**

The breakdown of plan assets was as follows:

	Dec. 31, 2015	Dec. 31, 2014
Money market funds	3%	5%
Equities	56%	54%
Bonds	37%	37%
Real estate	4%	4%
Commodities	-	-
TOTAL	**100%**	**100%**

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

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
PROJECTED BENEFIT OBLIGATIONS AT JANUARY 1	**11.0**	**9.2**
Service cost	0.5	0.4
Interest cost	0.2	0.3
Benefits paid out of Company reserves	(0.7)	(1.3)
Actuarial (gains)/losses for the period	(0.6)	1.5
Translation adjustment	0.1	0.2
Change from a funded to an unfunded obligation	-	0.6
Other	-	0.1
PROJECTED BENEFIT OBLIGATIONS AT DECEMBER 31	**10.5**	**11.0**

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

	Year ended December 31	
(in euro millions)	2015	2014
Service cost	0.7	0.5
Interest cost	0.3	0.4
Liquidation of past services	-	(0.6)
NET EXPENSE RECOGNIZED IN THE INCOME STATEMENT	**1.0**	**0.3**

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

Changes in the net liability recognized in the statement of financial position can be analyzed as follows:

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
NET LIABILITY AT JANUARY 1	15.5	12.7
Net expense recognized in the income statement	1.0	0.3
Benefits paid during the period	(0.7)	(2.0)
Employer contributions	(0.7)	-
Actuarial (gains)/losses for the period	(0.8)	3.0
Asset repayment	-	0.6
Exchange differences on foreign plans	0.4	0.7
Other	(0.1)	0.2
NET LIABILITY AT DECEMBER 31	**14.6**	**15.5**

The main actuarial assumptions used are as follows:

	December 31, 2015	Dec. 31, 2014
Europe:		
Discount rate applied to projected benefit obligations(1)	2.00%	1.50%
Estimated future salary increases		
▪ Managers	2.50%	2.50%
▪ Other employees	2.00%	2.00%
Long-term (underlying) inflation rate	2.00%	2.00%
North America:		
Discount rate applied to projected benefit obligations(1)	4.38%	3.97%
Probable retirement age	62 to 65 years	60 to 65 years

(1) Discount rates are based on market interest rates for prime corporate bonds.

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.

A 1-point increase in the discount rate and inflation rate would have a €1.4 million negative impact on the projected benefit obligation.

At December 31, 2015, the average duration of the Group's employee benefit obligations was between seven and 20 years.

The Group pays contributions into funded plans and also pays benefits directly under unfunded plans. The total estimated amount of benefits that will be paid under defined benefit plans during the year ending December 31, 2016 is €2.2 million.

20 – Provisions

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

(in euro millions)	Dec. 31, 2015	Dec. 31, 2014
Provisions for other non-current liabilities	0.7	0.4
Provisions for other current liabilities	0.8	0.4
TOTAL	**1.5**	**0.8**

Movements in provisions:

(in euro millions)	Provisions for other non-current liabilities	Provisions for other current liabilities	Total
DEC. 31, 2013	**0.4**	**2.0**	**2.4**
Reversals of provisions used	-	(0.9)	(0.9)
Reversals of surplus provisions	-	(0.7)	(0.7)
DEC. 31, 2014	**0.4**	**0.4**	**0.8**
Additions	0.3	0.6	0.9
Reversals of surplus provisions	-	(0.2)	(0.2)
DEC. 31, 2015	**0.7**	**0.8**	**1.5**

(in euro millions)	**Dec. 31, 2015**	Dec. 31, 2014
Provisions for industrial restructuring costs	-	-
Provisions for other contingencies	1.5	0.8
TOTAL	**1.5**	**0.8**

Cash outflows covered by provisions for other contingencies will amount to €0.8 million in 2016 and €0.7 million in subsequent years.

21 – Other non-current liabilities and factoring liabilities

"Other non-current liabilities" include the €7.8 million long-term portion of a guarantee received in respect of a license.

Receivables sold under no-recourse agreements are shown in the statement of financial position for €48.9 million (see note 12), with the corresponding liability recorded under "Factoring liabilities".

22 – Financial risk management

By virtue of its global footprint the Chargeurs Group is exposed to financial risks in the normal course of business, including market risks (foreign exchange risk, interest rate risk and price risk on certain commodities), as well as credit and liquidity risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. Derivative instruments are used to hedge certain risk exposures.

A) MARKET RISKS

Market risks are monitored internally using reporting schedules that compare the entities' exposure to identified risks with market value indicators. These indicators are based on data covering foreign currencies 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 92.9% of revenue generated outside France and 52.0% outside Europe. Its exposure to foreign exchange risk, which mainly concerns the US dollar and Chinese yuan, relates to future commercial transactions, recognized assets and liabilities denominated in foreign currencies 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 40.3% of assets are located outside Europe.

Group entities use forward contracts and expert advice 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 segment 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 Fashion Technologies involves hedging a portion of forecast transactions (mainly export sales) in each major currency for the subsequent twelve months. Forecast transactions are determined during the budget process and 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 US dollar and the New Zealand dollar, and are hedged using forward contracts.

The following table presents the sensitivity of consolidated equity to foreign exchange risk, based on data at December 31, 2015.

(in euro millions)	Translation reserves by currency	Effect of a 10% increase in the exchange rate against the Euro	Effect of a 10% increase in the exchange rate against the Euro
AUD	(0.8)	0.1	(0.1)
ARS	(8.6)	0.9	(0.9)
BDT	1.3	0.1	(0.1)
BRL	(0.7)	0.1	(0.1)
CLP	(0.2)	0.0	(0.0)
GBP	0.1	0.0	(0.0)
HKD	2.0	0.2	(0.2)
LKR	(0.3)	0.0	(0.0)
NZD	1.3	0.1	(0.1)
RMB	13.5	1.4	(1.4)
SID	0.6	0.1	(0.1)
USD	13.8	1.4	(1.4)
WON	0.1	0.0	(0.0)
ZAR	(0.7)	0.1	(0.1)
TOTAL	**21.4**	**4.4**	**(4.4)**

(ii) Interest rate risk

A 1-point increase in interest rates would have a €0.4 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 segment is exposed to risks relating to certain oil byproducts, which it manages via its supplier contracts and sales pricing strategy. The Fashion Technologies segment 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 and through its sales pricing strategy. The Wool segment 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 5% of revenue. In addition, it obtains protection against receivables risk through credit insurance and letters of credit wherever possible.

The risk of non-recovery of trade receivables is reviewed at each monthly close and provisions for impairment are recognized for the following:

- doubtful receivables: these correspond to receivables for which legal proceedings have been launched. Such receivables are written down in an amount representing their full value excluding tax, less any credit insurance settlements receivable;
- past-due receivables: these correspond to receivables that are not disputed by customers but for which the Group has not yet obtained the related settlement despite several reminders. The impairment recognized on these receivables depends on the payments already received, or which are expected, and any changes in the customer's legal and financial situation.

(ii) Country risk

The Group's geographical diversity means that it is not significantly exposed to political risk.

At December 31, 2015, four of the five main countries in which the Group's customers are located were rated at least "A" by Standard & Poor's.

2015 Country	% of total revenue	Credit rating[1]
United States	16.3%	AA+
Italy	14.8%	BBB-
China and Hong Kong	12.2%	AAA (Hong Kong) AA- (China)
Germany	9.0%	AAA
France	7.1%	AA

(1) S&P/Moody's rating

(iii) Banking counterparty risk

The Group deals only with leading financial institutions for derivative instruments, cash-settled transactions and cash deposits.

(iiii) 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 number of different insurance companies, which were all rated at least "A" by Standard & Poor's at December 31, 2015.

Insured risks	Credit rating[1]
Customer default	A
Freight	A+
Property & casualty	A+
Liability	A+

(1) S&P/Moody's rating

(C) LIQUIDITY RISK

An analysis of the Group's borrowings is provided in note 18. The Group manages its liquidity risk via the following three main strategies:

(i) Ensuring that short-term assets exceed short-term liabilities

AT DECEMBER 31, 2015

(in euro 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	97.7	97.7	-	-
Long-term borrowings	(49.1)	-	(46.2)	(2.9)
Short-term portion of long-term borrowings	(8.6)	(8.7)	-	-
Short-term bank loans and overdrafts	(16.7)	(16.7)	-	-
NET CASH POSITION/(NET DEBT POSITION)	**23.3**	**72.3**	**(46.2)**	**(2.9)**
Derivative instruments – assets	1.1	1.1	-	-
Deposits	1.7	-	1.7	-
Derivative instruments – liabilities	(0.3)	(0.3)	-	-
OTHER FINANCIAL ASSETS AND LIABILITIES	**2.5**	**0.8**	**1.7**	**-**
SUB-TOTAL – FINANCIAL ASSETS AND LIABILITIES	**25.8**	**73.1**	**(44.5)**	**(2.9)**
Working capital				
Trade receivables	44.6	44.6	-	-
Inventories	101.0	101.0	-	-
Trade payables	(90.6)	(90.6)	-	-
SUB-TOTAL – OPERATING ASSETS AND LIABILITIES	**55.0**	**55.0**	**-**	**-**
TOTAL FINANCIAL AND OPERATING ASSETS AND LIABILITIES	**80.8**	**128.1**	**(44.5)**	**(2.9)**

AT DECEMBER 31, 2014

(in euro 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	72.7	72.7	-	-
Long-term borrowings	(42.0)	-	(36.1)	(5.9)
Short-term portion of long-term borrowings	(6.7)	(6.7)	-	-
Short-term bank loans and overdrafts	(14.7)	(14.7)	-	-
NET CASH POSITION/(NET DEBT POSITION)	**9.3**	**51.3**	**(36.1)**	**(5.9)**
Derivative instruments – assets	0.6	0.6	-	-
Deposits	2.2	-	2.2	-
Derivative instruments – liabilities	(0.7)	(0.7)	-	-
OTHER FINANCIAL ASSETS AND LIABILITIES	**2.1**	**(0.1)**	**2.2**	**-**
SUB-TOTAL – FINANCIAL ASSETS AND LIABILITIES	**11.4**	**51.2**	**(33.9)**	**(5.9)**
Working capital				
Trade receivables	44.2	44.2	-	-
Inventories	98.2	98.2	-	-
Trade payables	(88.6)	(88.6)	-	-
SUB-TOTAL – OPERATING ASSETS AND LIABILITIES	**53.8**	**53.8**	**-**	**-**
TOTAL FINANCIAL AND OPERATING ASSETS AND LIABILITIES	**65.2**	**105.0**	**(33.9)**	**(5.9)**

NB: Receivables sold by the Group under no-recourse agreements are not included in the above table as the sales involve the transfer of title (see note 3). However, for reasons of prudence the Group has kept these receivables in the consolidated statement of financial position with a liability recognized for the amount of the cash proceeds received.

(ii) Forging partnerships with banks while maintaining a diversified lender base

The Group works with over 25 banks and financial institutions, of which the five largest represent 76% of its available credit facilities (see note 18). At December 31, 2015,the five main banking partners had short-term ratings of at least A1 to F1+ and P1 and long-term ratings of at least A to Aa1, with stable outlooks.

(iii) Applying strict rules for financing arrangements

When negotiating financing arrangements, the Group is particularly careful to ensure that the related documentation minimizes liquidity risk. To this end, specific negotiation standards have been issued and documentation for material financing arrangements has to be validated at several different levels.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

23 – Other operating income and expense

Other operating income and expense can be analyzed as follows:

	Year ended December 31	
(in euro millions)	**2015**	2014
Gains and losses on disposal of non-current assets	0.1	-
Goodwill impairment	(0.1)	-
Restructuring costs	(2.5)	(0.9)
Impairment of non-current assets	(0.4)	(0.5)
Other	(3.7)	(0.1)
TOTAL	**(6.6)**	**(1.5)**

Restructuring costs correspond to costs incurred by the Fashion Technologies segment.

The line "Other" for 2015 includes €2.2 million in compensation for loss of office (see note 30.b) and €1.2 million in costs related to a strategic research project.

24 – Number of employees and payroll costs

A) NUMBER OF EMPLOYEES

The average number of employees of fully consolidated subsidiaries was as follows in 2015 and 2014:

	Year ended December 31	
	2015	2014
Employees in France	517	519
Employees outside France	1,025	1,062
TOTAL EMPLOYEES	**1,542**	**1,581**

B) PAYROLL COSTS

	Year ended December 31	
(in euro millions)	**2015**	2014
Wages and salaries	53.5	50.1
Payroll taxes	20.3	18.6
Discretionary profit sharing	2.9	1.8
TOTAL	**76.7**	**70.5**

25 – Financial income and expense

	Year ended December 31	
(in euro millions)	**2015**	2014
■ Finance costs	(4.0)	(4.2)
■ Interest income on loans and investments	0.5	0.5
Cost of net debt	**(3.5)**	**(3.7)**
Factoring cost	**(0.8)**	**(0.9)**
■ Convertible bond interest cost	(0.8)	(1.0)
■ Interest expense on employee benefit obligations	(0.3)	(0.4)
■ Exchange gains and losses on foreign currency receivables and payables	0.2	0.1
■ Other	(0.1)	(0.4)
OTHER FINANCIAL INCOME AND EXPENSE	(1.0)	(1.7)
NET FINANCIAL EXPENSE	**(5.3)**	**(6.3)**

26 – Income tax

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

	Year ended December 31	
(in euro millions)	**2015**	2014
Current taxes	(6.0)	(5.2)
Deferred taxes	13.5	1.1
TOTAL	**7.5**	**(4.1)**

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):

	Year ended December 31	
(in euro millions)	**2015**	2014
Income tax expense for the period	7.5	(4.1)
Standard French income tax rate	38.00%	34.43%
Tax at the standard rate	(7.1)	(5.2)
DIFFERENCE BETWEEN INCOME TAX EXPENSE FOR THE PERIOD AND TAX AT THE STANDARD RATE	**14.6**	**1.1**
Effect of differences in foreign tax rates	0.5	0.3
Effect of permanent differences between book profit and taxable profit	0.6	(0.3)
Change in tax assets recognized for tax losses:		
▪ Reversals of valuation allowances on tax loss carryforwards recognized in prior periods(1)	13.2	1.2
▪ Utilizations of tax loss carryforwards covered by valuation allowances	2.5	2.2
▪ Effect of unrelieved tax losses	(0.8)	(1.2)
▪ Valuation allowance on deferred tax assets (tax loss carryforwards arising in prior periods)	(0.1)	-
Other	(1.3)	(1.1)
DIFFERENCE BETWEEN INCOME TAX EXPENSE FOR THE PERIOD AND TAX AT THE STANDARD RATE	**14.6**	**1.1**

(1) In 2015, €13.2 million in deferred tax assets were recognized for the tax loss carryforwards of the French tax group, based on earnings forecasts for the next five years (see note 8).

27 – Earnings per share

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

Basic earnings per share amounted to €0.78 in 2015.

Diluted earnings per share are the same as basic earnings per share, as the last convertible bonds outstanding were converted or redeemed in 2015.

(in euro thousands)	Basic	Diluted
Profit from continuing operations	15.3	15.3
Weighted average number of shares	19,615,969	19,615,969
EARNINGS PER SHARE AT DECEMBER 31, 2015 *(IN EUROS)*	**0.78**	**0.78**

NOTES – ADDITIONAL INFORMATION

28 – Information by business segments

Chargeurs now analyzes its business according to four business segments (see note 1). In accordance with IFRS 8, the comparative periods have been restated.

28.1 Profits and losses by business segment

Year ended December 31, 2015 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**227.2**	**157.5**	**20.3**	**93.7**	**-**	**-**	**498.7**
EBITDA	**26.8**	**9.6**	**4.1**	**2.6**	**(2.8)**	**-**	**40.3**
Depreciation and amortization	(5.0)	(4.1)	(0.5)	(0.1)	-	-	(9.7)
Recurring operating profit	**21.8**	**5.5**	**3.6**	**2.5**	**(2.8)**	**-**	**30.6**
Other operating income and expense	-	(2.8)	(0.2)	-	(3.6)	-	(6.6)
Operating profit	**21.8**	**2.7**	**3.4**	**2.5**	**(6.4)**	**-**	**24.0**
Net financial expense							(5.3)
Share of profit/(loss) of equity-accounted investees							(10.7)
Pre-tax profit for the period							**8.0**
Income tax expense							7.5
Profit from continuing operations							**15.5**
Profit/(loss) from discontinued operations							**-**
Profit for the period							**15.5**

Year ended December 31, 2014 (in euro millions)	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**206.6**	**150.9**	**16.6**	**104.2**	**-**	**-**	**478.3**
EBITDA	**21.4**	**7.7**	**2.6**	**3.5**	**(3.4)**	**-**	**31.8**
Depreciation and amortization	(4.6)	(3.7)	(0.4)	(0.1)	(0.1)	-	(8.9)
Recurring operating profit	**16.8**	**4.0**	**2.2**	**3.4**	**(3.5)**	**-**	**22.9**
Other operating income and expense	(0.3)	(1.1)	-	(0.1)	-	-	(1.5)
Operating profit	**16.5**	**2.9**	**2.2**	**3.3**	**(3.5)**	**-**	**21.4**
Net financial expense							(6.3)
Share of profit/(loss) of equity-accounted investees							(0.3)
Pre-tax profit for the period							**14.8**
Income tax expense							(4.1)
Profit from continuing operations							**10.7**
Profit/(loss) from discontinued operations (in euro millions)							**0.2**
Profit for the period							**10.9**

28.2 Additional information

Year ended December 31, 2015 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	**Consolidated**
Depreciation of property, plant and equipment	(4.3)	(3.7)	(0.5)	-	(0.1)	(8.6)
Impairment:						
■ Goodwill	-	(0.1)	-	-	-	(0.1)
■ Property, plant and equipment	-	-	(0.2)	-	-	(0.2)
Impairment:						
■ Inventories	(1.6)	(0.6)	-	-	-	(2.2)
■ Trade receivables	-	2.7	-	-	-	2.7
Restructuring costs (note 23)	-	(2.5)	-	-	-	(2.5)

Year ended December 31, 2014 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	**Consolidated**
Depreciation of property, plant and equipment	(4.2)	(3.5)	(0.3)	-	(0.1)	(8.1)
Impairment:						
■ Goodwill	-	-	-	-	-	-
■ Property, plant and equipment	-	-	-	-	-	-
Impairment:						
■ Inventories	(1.0)	(0.5)	(0.1)	-	-	(1.6)
■ Trade receivables	(0.2)	0.3	0.1	-	-	0.2
Restructuring costs (note 23)	(0.1)	(0.8)	-	-	-	(0.9)

Segment profit includes gains and losses on cash flow hedges of currency risks accumulated in equity that are recycled into the income statement in the period when the hedged purchase or sale transactions affect profit or loss.

Finance costs include gains and losses corresponding to the effective portion of cash flow hedges used to hedge future interest payments. 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.

28.3 Segment assets and liabilities

Year ended December 31, 2015 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	**Total**
Assets[1]	151.9	98.4	22.4	54.6	26.5	353.8
Liabilities[2]	73.8	43.9	6.7	25.3	8.0	157.7
CAPITAL EMPLOYED	**78.1**	**54.5**	**15.7**	**29.3**	**18.5**	**196.1**
Capital expenditure	6.4	3.9	4.3	0.1	-	14.7

Year ended December 31, 2014 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	**Total**
Assets[1]	138.1	103.6	24.1	56.3	12.9	335.0
Liabilities[2]	68.5	42.0	6.8	27.6	5.5	150.4
CAPITAL EMPLOYED	**69.6**	**61.6**	**17.3**	**28.7**	**7.4**	**184.6**
Capital expenditure	15.9	3.0	3.2	-	-	22.1

(1) Assets other than cash and cash equivalents and factored receivables.
(2) Excluding equity attributable to owners of the parent, borrowings (convertible bonds, long-term borrowings, short-term portion of long-term borrowings and short-term bank loans and overdrafts) and factoring liabilities.
"Purchases of assets" now include purchases of intangible assets. The table at December 31, 2014 has been modified accordingly.

29 – Information by geographical area

A) REVENUE

Revenue is analyzed by geographical area based on the location of the customer.

The Group's operations are carried out on a global scale as shown in the tables below.

	Year ended December 31	
(in euro millions)	**2015**	2014
Europe	238.5	229.0
Asia Pacific and Africa	140.7	141.2
Americas	119.5	108.1
TOTAL	**498.7**	**478.3**

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

	Year ended December 31	
(in euro millions)	**2015**	2014
United States	81.1	73.5
Italy	74.0	61.6
China and Hong Kong	60.9	55.7
Germany	44.9	51.6
France	35.4	35.5

B) SEGMENT ASSETS

The following tables provide an analysis of non-current assets and capital expenditure based on the geographical area in which the assets are located.

NON-CURRENT ASSETS

(in euro millions)	**Dec. 31, 2015**	Year ended December 31, 2014[1]
Europe	82.1	64.9
Asia Pacific and Africa	21.2	31.5
Americas	78.9	70.7
TOTAL	**182.2**	**167.1**

(1) The 2014 amounts have been modified to present only non-current assets.

PURCHASES OF PROPERTY, PLANT AND EQUIPMENT

(in euro millions)	**Dec. 31, 2015**	Dec. 31, 2014
Europe	12.0	18.0
Asia Pacific and Africa	0.5	1.1
Americas	1.2	2.4
TOTAL	**13.7**	**21.5**

30 – Related-party transactions

A) TRANSACTIONS WITH EQUITY-ACCOUNTED INVESTEES (SEE NOTE 7)

In 2015, the main transactions with equity-accounted investees were as follows:

- with Ningbo Lailong Bertero Interlining Co. Ltd:
  - purchases recorded in Fashion Technologies division cost of sales for €8.0 million, and
  - trade payables for €2.7 million; and
- with Lanas Trinidad, Chargeurs Wool Argentina, Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangtse Pty Ltd :
  - purchases recorded in Wool division cost of sales for €44.5 million, and
  - trade payables for €14.0 million.

B) DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION

	Year ended December 31	
(in euro thousands)	**2015**	2014[1]
Compensation paid to directors	45.0	27.5
Compensation paid to senior executives	1,189.3	1,655.9
SHORT-TERM BENEFITS	**1,234.3**	**1,683.4**
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	1,683.3	383.4
Share-based payments	-	-
TOTAL AWARDED FOR THE PERIOD	**2,917.6**	**2,066.8**

(*) The 2014 amounts have been modified to reflect the new presentation based on compensation awarded for the period instead of compensation paid during the period.
In addition to the amounts disclosed above, Sofi Emy, a company whose primary manager is Eduardo Malone, received €125,000 in fees from Chargeurs Boissy for services as advisor to senior operations management concerning specific technical and geographic issues.

31 – Commitments and contingencies

31.1 Commercial commitments

At December 31, 2015, Chargeurs and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €2.5 million.

31.2 Guarantees

At December 31, 2015, Chargeurs and its subsidiaries had given guarantees for a total of €3.5 million.

31.3 Collateral

At December 31, 2015, Chargeurs and its subsidiaries had granted collateral representing a total of €3.2 million.

31.4 Operating leases

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

(in euro millions)	Dec. 31, 2015
Due in less than one year	2.0
Due in one to five years	5.8
Due in more than five years	1.7
TOTAL	**9.5**

31.5 Legal risks

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

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

On February 20, 2014, all of the above claims filed by former employees were rejected by the judge to whom the cases had been referred by the Employment Tribunal (*juge départiteur*). In December 2014, the Company was informed that the former employees had lodged an appeal. The appeal is scheduled to be heard in March 2016. The Company continues to believe that the claims are without merit.

31.6 Tax and customs risks

In early February 2011, a subsidiary received a €0.8 million tax reassessment, corresponding to excise duty on energy products for the years 2007 to 2010. The company formally contested this reassessment on April 11, 2011. A judgment in favor of the company was issued in June 2014, which the tax authorities appealed. The appeal was rejected in May 2015. The tax authorities have not appealed to a higher court.

32 – Subsequent events

In January 2016, the Group sold 2% of the shares in Ningbo Chargeurs Yak Textile Trading Co. Ltd to its Chinese partner, thereby reducing its own interest to 49%. As a result, Ningbo Chargeurs Yak Textile Trading Co. Ltd will be classified as an associated company in 2016.

33 – Main consolidated companies

At December 31, 2015, 57 companies were fully consolidated (compared with 61 in 2014), and 10 were accounted for by the equity method (unchanged from 2014).

Chargeurs	Parent company
A – MAIN FULLY CONSOLIDATED COMPANIES	
Chargeurs Deutschland GmbH	
Chargeurs Textiles SAS	
Leipziger Wollkämmerei AG	
Chargeurs Entoilage SA	
PROTECTIVE FILMS SEGMENT	
Holding company for the segment	**Chargeurs Films de Protection SA**
France	Novacel SA
Italy	Boston Tapes S.p.A. – Boston Tapes Commercial S.r.l. – Novacel Italia S.r.l.
Germany	Novacel GmbH
United Kingdom	Novacel UK
Spain	Novacel Spain
Belgium	Novacel Belgium
North America	Chargeurs Protective Films Inc. – Novacel Inc.
TECHNICAL SUBSTRATES SEGMENT	
France	**Senfa**
FASHION TECHNOLOGIES SEGMENT	
Holding company for the segment	**Fitexin**
France	Lainière de Picardie BC SAS
Italy	Chargeurs Interfodere Italia
Germany	Lainière de Picardie Deutschland GmbH
United Kingdom	Chargeurs Interlining (UK) Ltd
Portugal	Chargeurs Entretelas (Iberica) Ltd
North America	Lainière de Picardie Inc.
South America	Lainière de Picardie Golaplast Brazil Textil Ltda – Entretelas Americanas SA – Lainière de Picardie_DHJ Chile SA
South Africa	Stroud Riley (Proprietary) Limited
Asia	Chargeurs Interlining (H.K.) Limited – LP (Wujiang) Textiles Co. Ltd – Lainière de Picardie Korea Co. Ltd – C.I. Guangzhou – DHJ Interlining Limited – Ningbo Chargeurs Yak Textile Trading Co. Ltd – Etacol Bangladesh Ltd
WOOL SEGMENT	
Holding company	**Chargeurs Wool Holding GmbH**
France	Chargeurs Wool (Eurasia) SAS
Italy	Chargeurs Wool Sales (Europe) S.r.l.
South Africa	Chargeurs Wool (South Africa) (Pty) Ltd
New Zealand	Chargeurs Wool (NZ) Limited
U.S.A.	Chargeurs Wool (USA) Inc.

B - MAIN EQUITY-ACCOUNTED INVESTEES
Ningbo Lailong Bertero Interlining Co. Ltd (49%)
USA Wool (35%)
Lanera Santa Maria (50%) and its subsidiary Hart Newco
Lanas Trinidad SA (50%)
Chargeurs Wool (Argentina) SA (50%), and its subsidiary Peinaduria Rio Chubut (25%)
Zhangjiagang Yangtse Wool Combing Co. Ltd (50%) and its subsidiary Yangtse (Australia) Pty Ltd

The percentages indicated correspond to Chargeurs' percentage of control at December 31, 2015 for companies that are not almost or entirely wholly owned by the Group.

5.2.2. STATUTORY AUDITORS' REPORT ON THE 2015 CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2015

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

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual General Meeting, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of Chargeurs S.A.;
- 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 consolidated 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*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. We assessed the data and assumptions on which these estimates and judgments were based, and examined, on a test basis, the calculations performed by the Company. We compared accounting estimates of prior periods with the actual results and reviewed procedures for the approval 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.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris, April 5, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit	S & W Associés
Eric Bertier	Virginie Coniau

5.3. THE GROUP'S 2014 CONSOLIDATED FINANCIAL STATEMENTS

5.3.1. 2014 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

ASSETS

(in euro millions)	Note	Dec. 31, 2014	Dec. 31, 2013
Non-current assets			
Intangible assets	5	72.6	66.3
Property, plant and equipment	6	50.3	37.5
Investments in associates and joint ventures	8	27.1	25.7
Deferred taxes	9	13.5	11.9
Non-current financial assets			
■ Investments in non-consolidated companies	10	0.8	0.9
■ Long-term loans and receivables		2.2	1.6
Other non-current assets		0.6	0.6
		167.1	**144.5**
Current assets			
Inventories and work-in-progress	12	98.2	97.6
Trade receivables	13	44.2	44.2
Factored receivables(1)	13 & 22	43.9	49.3
Derivative financial instruments	11	0.6	0.3
Other receivables	14	24.7	30.2
Cash and cash equivalents	15	72.7	48.0
		284.3	**269.6**
Assets held for sale	**16**	**0.2**	**0.2**
TOTAL ASSETS		**451.6**	**414.3**

EQUITY AND LIABILITIES

(in euro millions)		Dec. 31, 2014	Dec. 31, 2013
Equity			
Attributable to owners of the parent			
Share capital	17	2.6	2.3
Share premium account	17	42.2	39.5
Reserves (before profit for the period)	17	115.8	115.7
Profit for the period		10.8	3.6
Treasury stock	17	(0.2)	(0.2)
Translation reserve	23	11.4	(3.0)
		182.6	**157.9**
Non-controlling interests		**3.8**	**3.3**
TOTAL EQUITY		**186.4**	**161.2**
Non-current liabilities			
Convertible bonds	18	11.2	13.2
Long-term borrowings	19	42.0	13.0
Deferred taxes	9	-	-
Pension and other post-employment benefit obligations	20	15.5	12.7
Provisions	21	0.4	0.4
Other non-current liabilities	22	10.3	10.1
		79.4	**49.4**
Current liabilities			
Trade payables		88.6	88.9
Other payables	22	30.6	32.6
Factoring liabilities(1)	13 & 22	43.9	49.3
Current income tax liability		0.6	0.6
Derivative financial instruments	11	0.7	0.5
Short-term portion of long-term borrowings	19	6.7	11.5
Short-term bank loans and overdrafts	19	14.7	20.3
		185.8	**203.7**
Liabilities related to assets held for sale	**16**	**-**	**-**
TOTAL LIABILITIES		**451.6**	**414.3**

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

Notes 1 to 34 are an integral part of the 2014 consolidated financial statements.

Consolidated Income Statement

(in euro millions)	Note	Year ended December 31 2014	2013[1]
Revenue		**478.3**	**466.5**
Cost of sales		(370.9)	(368.7)
Gross profit		**107.4**	**97.8**
Distribution costs		(49.7)	(48.4)
Administrative expenses		(30.9)	(32.2)
Research and development costs		(3.9)	(2.8)
Recurring operating profit		**22.9**	**14.4**
Other operating income	24	0.2	4.2
Other operating expense	24	(1.7)	(0.8)
Operating profit		**21.4**	**17.8**
Finance costs, net		(3.7)	(3.9)
Other financial expense		(2.9)	(2.9)
Other financial income		0.3	0.3
Net financial expense	**26**	**(6.3)**	**(6.5)**
Share of profit/(loss) of equity-accounted investees		(0.3)	0.3
Pre-tax profit for the period		**14.8**	**11.6**
Income tax expense	27	(4.1)	(3.7)
Profit from continuing operations		**10.7**	**7.9**
Profit/(loss) from discontinued operations (in euro millions)	16	0.2	(4.6)
NET PROFIT		**10.9**	**3.3**
Attributable to:			
Owners of the parent		10.8	3.6
Non-controlling interests		0.1	(0.3)
Earnings per share *(in euros)*			
Basic earnings per share			
▪ From continuing operations		0.67	0.60
▪ From discontinued operations		0.01	(0.34)
Profit for the period	**28**	**0.68**	**0.26**
Diluted earnings per share			
▪ From continuing operations		0.51	0.42
▪ From discontinued operations		0.01	(0.21)
Profit for the period		**0.52**	**0.21**
Weighted average number of shares outstanding		15,659,563	13,661,574

(1) In the 2013 income statement, an expense of €0.8 million has been reclassified from other operating income and expense to gross profit (see note 24).

Notes 1 to 34 are an integral part of the 2014 consolidated financial statements.

Consolidated Statement of Comprehensive Income

(in euro millions)	Year ended December 31 2014	2013
Net profit	**10.9**	**3.3**
Exchange differences on translating foreign operations	14.8	(11.6)
Available-for-sale financial assets	-	-
Cash flow hedges	(0.4)	-
Income tax relating to items that may be reclassified directly in equity	-	-
Total items that may be reclassified subsequently to profit or loss	**14.4**	**(11.6)**
Other components of other comprehensive income	(0.1)	(0.3)
Actuarial gains and losses on post-employment benefit obligations	(3.0)	1.2
Income tax on items that will not be reclassified to profit or loss	-	-
Total items that will not be reclassified to profit or loss	**(3.1)**	**0.9**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**11.3**	**(10.7)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**22.2**	**(7.4)**
Attributable to:		
Owners of the parent	21.7	(6.5)
Non-controlling interests	0.5	(0.9)

Notes 1 to 34 are an integral part of the 2014 consolidated financial statements.

Consolidated Statement of Changes in Equity

(in euro millions)	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Actuarial gains and losses on post-employment benefit obligations	Treasury stock	Total equity attributable to owners of the parent	Non-controlling interests	Total
AT DECEMBER 31, 2012	**2.2**	**38.1**	**119.5**	**8.0**	**0.0**	**(4.0)**	**(1.2)**	**162.6**	**6.6**	**169.2**
Issue of share capital	0.1	1.4						1.5		1.5
Changes in treasury stock			(0.7)				1.0	0.3		0.3
Profit for the period			3.6					3.6	(0.3)	3.3
Impact of changes in scope of consolidation								0.0	(2.4)	(2.4)
Other components of other comprehensive income			(0.3)	(11.0)		1.2		(10.1)	(0.6)	(10.7)
AT DECEMBER 31, 2013	**2.3**	**39.5**	**122.1**	**(3.0)**	**0.0**	**(2.8)**	**(0.2)**	**157.9**	**3.3**	**161.2**
Issue of share capital	0.3	2.7						3.0		3.0
Profit for the period			10.8					10.8	0.1	10.9
Other components of other comprehensive income			(0.1)	14.4	(0.4)	(3.0)		10.9	0.4	11.3
AT DECEMBER 31, 2014	**2.6**	**42.2**	**132.8**	**11.4**	**(0.4)**	**(5.8)**	**(0.2)**	**182.6**	**3.8**	**186.4**

Notes 1 to 34 are an integral part of the 2014 consolidated financial statements.

Consolidated Statement of Cash Flows

(in euro millions)	Note	Year ended December 31 2014	2013
Net cash from operating activities			
Pre-tax profit of consolidated companies		15.1	11.3
Elimination of income and expense with no impact on cash or not linked to activity		9.5	5.9
■ *Depreciation and amortization expense*	*5 & 6*	*8.9*	*8.6*
■ *Provisions and pension and other post-employment benefit obligations*		*(1.3)*	*(1.7)*
■ *Impairment of non-current assets*		*0.4*	*-*
■ *Fair value adjustments*		*0.3*	*0.3*
■ *Impact of discounting*		*1.4*	*1.6*
■ *(Gains)/losses on sales of investments in non-consolidated companies and other non-current assets*		*0.1*	*(2.8)*
■ *Exchange (gains)/losses on foreign currency receivables and payables*		*(0.3)*	*-*
Income tax paid		(4.6)	(4.0)
Cash generated by operations		**20.0**	**13.2**
Dividends from equity-accounted investees		0.7	0.3
Change in operating working capital		8.6	4.6
Net cash from operating activities		**29.3**	**18.1**
Cash flows from investing activities			
Purchases of intangible assets	5	(0.3)	(0.3)
Proceeds from sales of intangible assets		0.1	0.1
Purchases of property, plant and equipment	6	(9.7)	(6.7)
Proceeds from sales of property, plant and equipment		0.8	6.6
Impact of changes in scope of consolidation		-	3.7
Other movements		(0.8)	(0.3)
Net cash from/(used in) investing activities		**(9.9)**	**3.2**
Cash flows from financing activities			
Proceeds from issues of shares on conversion of bonds	18	3.0	1.5
(Repurchase)/sale of treasury shares		-	0.3
Proceeds from new borrowings	19	28.3	9.2
Bond conversions	18	(3.0)	(1.5)
Decrease in bank borrowings	19	(22.5)	(36.0)
Other movements		(1.1)	3.4
Net cash from/(used in) financing activities		**4.7**	**(23.1)**
Increase/(decrease) in cash and cash equivalents		**24.1**	**(1.9)**
Cash and cash equivalents at beginning of period	15	48.0	50.6
Reclassification of cash and cash equivalents under "Assets held for sale"		(0.3)	(0.2)
Effect of changes in foreign exchange rates on cash and cash equivalents		0.9	(0.5)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**15**	**72.7**	**48.0**

Notes 1 to 34 are an integral part of the 2014 consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 – General information

In 2014, Chargeurs and its subsidiaries (the Chargeurs Group) were organized around three business lines:

- Chargeurs Protective Films (development and marketing of technical solutions to protect steel, aluminum, plastic and other surfaces during the production process).
- Chargeurs Interlining (interlining and technical fabrics production and marketing).
- Chargeurs Wool (topmaking and combed wool sales).

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

Chargeurs shares are listed on Euronext Paris.

The consolidated financial statements for the year ended December 31, 2014 were approved by the Board of Directors on March 17, 2015 and will be submitted to shareholders for approval on May 5, 2015. All amounts are expressed in millions of euros, unless otherwise specified.

The Board of Directors has decided to ask shareholders at the Annual General Meeting to be held on May 5, 2015 to approve payment of a dividend of €0.20 per share for 2016.

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 2014 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. These standards can be downloaded from the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm#adopted-commission).

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

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

2.2 List of new, revised and amended standards and interpretations

A) NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS WHOSE APPLICATION WAS MANDATORY FOR THE FIRST TIME IN THE YEAR ENDED DECEMBER 31, 2014:

Adopted by the European Union

- IFRS 10 – Consolidated Financial Statements.
- IFRS 11 – Joint Arrangements.
- IFRS 12 – Disclosure of Interests in Other Entities.
- Transition guidance – amendments to IFRS 10, IFRS 11 and IFRS 12.
- IAS 27R – Separate Financial Statements.
- IAS 28R – Investments in Associates and Joint Ventures.
- Amendments to IFRS 10, IFRS 12 and IAS 27R – Investment Entities.
- Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities.
- Amendment to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets.
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting.
- None of these new standards or amendments to existing standards had a material impact on the consolidated financial statements.

The level of control exercised by the Group over its joint arrangements was analyzed for the purpose of applying IFRS 10, 11 and 12, to determine whether they qualified as "joint ventures" (i.e. entities in which control is shared by the parties under a contractual agreement) or "associates" (i.e. entities over which Chargeurs exercises significant influence). As these entities were previously accounted for by the equity method, application of the new standards had no impact on the presentation of the consolidated financial statements.

B) NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE PERIODS AND NOT EARLY ADOPTED BY THE GROUP:

Adopted by the European Union

- IFRIC 21 – Levies.

Not yet adopted by the European Union

- IFRS 9 – Financial Instruments.
- IFRS 14 – Regulatory Deferral Accounts.
- IFRS 15 – Revenue from Contracts with Customers
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IAS 27 – Equity Method in Separate Financial Statements.
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants

- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization.
- Amendment to IAS 19 – Defined Benefit Plans: Employee Contributions.
- Amendment to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations.
- Annual Improvements, 2010-2012 cycle, published on December 12, 2013.
- Annual Improvements, 2011-2013 cycle, published on December 12, 2013.
- Annual Improvements, 2012-2014 cycle, published on September 25, 2014.

2.3 Consolidation methods

A) SUBSIDIARIES

Subsidiaries are all entities that are directly or indirectly controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 deconsolidated from the date that control ceases.

Acquisitions of subsidiaries are accounted for using the acquisition 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. The directly attributable costs of the business combination are recognized as an expense for the period in which they are incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values. Goodwill arising on a business combination is measured as the excess of (a) over (b) as follows: (a) the aggregate of: (i) the acquisition-date fair value of the consideration transferred; (ii) the amount of any non-controlling interest in the acquiree (which can be measured either at fair value or based on the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets); (iii) the fair value of any previously held equity interest in the acquiree (as remeasured at the acquisition date with any resulting gain or loss recognized in profit); (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

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

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

Accounting policies of subsidiaries have been aligned with the policies adopted by the Group to ensure consistency.

B) TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Sales of shares to non-controlling interests resulting in a loss of control of the subsidiary give rise to gains and losses for the Group that are recorded in the income statement. Sales of shares to non-controlling interests that do not result in a loss of control are treated as an equity transaction with owners and recognized in the statement of changes in equity.

Acquisitions of additional shares in a subsidiary (above 50%) are recognized in the statement of changes in equity.

C) ASSOCIATES AND JOINT VENTURES

Joint arrangements are arrangements of which Chargeurs and one or more other parties have joint control.

The Group has joint control of an arrangement when decisions about the relevant activities require the unanimous consent of Chargeurs and the other parties sharing control.

The Group has significant influence over an entity when it has the power to participate in the financial and operating policy decisions of the entity but does not have control or joint control of those policies, generally accompanying a shareholding representing between 20% and 50% of the voting rights.

Investments in joint ventures (entities of which the Group has joint control) and associates (entities over which the Group has significant influence) are accounted for by the equity method and are initially recognized at cost. The carrying amount of investments in associates and joint ventures includes goodwill (net of any accumulated impairment losses) identified on acquisition (see note 2.6).

The Group's share of post-acquisition profits or losses of associates and joint ventures is recognized in the income statement, and its share of post-acquisition movements in equity – which have no impact on profit or loss – is recognized directly in equity.

Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture.

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

D) NON-CONSOLIDATED COMPANIES

Distribution companies that have been recently created and/or individually generate less than €3 million in annual revenue are not consolidated.

This threshold may be raised in certain very specific cases, particularly for entities that operate in hyper-inflationary economies.

The effect on equity of including these companies in the scope of consolidation at December 31, 2014 would have been an increase of less than €4 million.

2.4 Operating Segments

An operating segment is a group of assets and operations corresponding to a management unit. Chargeurs' senior management team – which is the Group's chief operating decision maker – has identified three operating segments for the Chargeurs Group:

- "Protective Films", which encompasses activities relating to the temporary protection of surfaces.
- "Interlining", which includes technical textile operations.
- "Wool", which comprises top making and sales of combed wool.

The segment information reported also includes a "non-operating" segment that primarily comprises the Group's holding companies.

The Group's segment information is based on the sectors identified above, which are the segments used in the Group's internal reporting system and reported to Chargeurs' senior management team for the purposes of making decisions about allocating resources and assessing performance.

A geographical area 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 has three geographical areas: Europe (including the Group's home market, France), the Americas and Asia (including the Pacific region and Africa).

2.5 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. Gains and losses on foreign currency cash flow hedges are accumulated in equity and 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, under "Other financial income" or "Other financial expense".

C) FOREIGN OPERATIONS

The results and financial position of all Group entities that have a functional currency other than the Euro are translated as follows: (i) items in the statement of financial position 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" or "Non-controlling 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, the exchange differences accumulated in the translation reserve are reclassified to the income statement and taken into account in determining the gain or loss on sale.

2.6 Intangible assets

A) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the acquisition-date fair value of the Group's share of the net identifiable assets of the acquired subsidiary. Goodwill on acquisitions of subsidiaries is included in "Intangible assets".

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Any impairment losses recognized against goodwill are irreversible.

The calculation of gains and losses on the disposal of an entity take into account the carrying amount of any goodwill relating to that entity.

Goodwill arising on acquisitions of associates and joint ventures is recorded under "Investments in associates and joint ventures" and is included in the impairment tests carried out on equity-accounted companies.

B) TRADEMARKS AND LICENSES

Trademarks and licenses are initially recognized at historical cost. They 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 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.

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

E) IMPAIRMENT OF INTANGIBLE ASSETS

Goodwill and other intangible assets with indefinite 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 5).

Any impairment losses recognized against goodwill are irreversible.

The carrying amount of goodwill in the consolidated statement of financial position corresponds to the gross amount less any accumulated impairment losses.

2.7 Property and equipment

Property, plant and equipment (other than land) are stated at cost less depreciation and any accumulated impairment losses. Land is not depreciated and is therefore stated at cost less any accumulated impairment losses. Cost comprises the purchase price, capitalized interest and initial fair value adjustments. Capitalized interest corresponds to interest costs, whether on designated loans or on other designated sources of financing, that arise 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 said fair values were used as the assets' deemed cost at that date.

The cost of dismantling and removing old assets or restoring the site on which new assets are located is included in the cost of the new assets.

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.

A) LEASES

Leases that do not transfer to the Group 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 to the Group 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.

B) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Impairment tests are performed whenever there is any internal or external indication that the carrying amount of any items of property, plant or equipment 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 calculated by comparing the sale proceeds with the carrying amount of the sold asset and are recognized in the income statement.

2.8 Financial assets and liabilities

A) 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.

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 reporting date.

In the consolidated statement of financial position, these items are recorded under "Derivative instruments" (note 11).

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 reporting date, in which case they are recorded as non-current assets under "Long-term loans and receivables" or "Other non-current assets".

They are recorded under "Long-term loans and receivables" or "Other non-current assets".

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 included in non-current assets unless management intends to dispose of them within twelve months of the reporting date.

Available-for-sale financial assets correspond to "Investments in non-consolidated companies" (note 10) in the consolidated statement of financial position.

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 19) as well as to other non-current liabilities, trade payables and other payables (note 22) in the consolidated statement of financial position.

B) RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS

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. An impairment loss is recognized where there is a prolonged decline in the value in use. The value in use is determined according to the financial criteria most adapted to the specific context of each company. These generally include share in equity and future profitability forecasts.

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.

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.

C) 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 original maturities of less than one year and are therefore stated at nominal value.

D) FAIR VALUE DISCLOSURES

IFRS 7 requires companies to disclose the technique used to measure financial instruments at fair value, based on the three levels of inputs 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 shows the fair value hierarchy classification for the Group's financial assets measured at fair value. No financial liabilities are measured at fair value other than derivative instruments.

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

2.9 Derivative instruments and hedges

The Group uses derivatives to hedge its exposure to currency risks. All derivative instruments are recognized in the statement of financial position at fair value, irrespective of whether that fair value is positive or negative.

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 initially recorded in other comprehensive income 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 classified as held for trading are recognized immediately in the income statement.

2.10 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.

2.11 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.

Turnover and obsolescence of inventories are analyzed by business and category of inventory in order to determine the appropriate level of impairment.

2.12 Trade and other receivables

Trade receivables are initially recognized 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 recognized when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the transaction. Indications that a receivable may be impaired include significant financial difficulties encountered by the debtor, the probability of the debtor filing for bankruptcy or a financial restructuring, a risk of default or a missed payment. 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".

2.13 Cash and cash equivalents

Cash and cash equivalents analyzed in the statement of cash flows 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 changes in value.

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

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

2.14 Assets held for sale and discontinued operations

A) ASSETS HELD FOR SALE

Non-current assets are classified as held for sale and presented on a separate line of the statement of financial position when (i) the Group has made a decision to sell the asset(s) concerned, (ii) the sale is considered to be highly probable, and (iii) the sale is expected to be completed within twelve months. These assets are measured at the lower of their carrying amount and fair value, which corresponds to the estimated selling price less costs to sell.

Income statement and cash flow statement items relating to assets held for sale are not presented on a separate line if they do not meet the IFRS 5 definition of a discontinued operation.

B) DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- represents a separate major line of business or geographical area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The Group decides whether a discontinued operation represents a major line of business or geographical area of operations based on both qualitative criteria (technology, market, products and geographical area) and quantitative criteria (revenue, earnings, cash flows and assets).

If the assets held by a discontinued operation are classified as held for sale they are measured at the lower of their carrying amount and fair value less costs to sell. The results and cash flows of discontinued operations are presented on a separate line in the consolidated income statement and statement of cash flows for each period presented.

2.15 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 Chargeurs shares (treasury stock), the consideration paid, including directly attributable incremental costs (net of income taxes), is deducted from equity attributable to owners of the parent until the shares are canceled, 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 owners of the parent.

2.16 Bond debt

Convertible bonds are compound financial instruments comprising two components – a financial liability and an equity instrument – which are measured and accounted for separately. In accordance with IAS 32 – Financial Instruments: Presentation, the carrying amount of the equity instrument corresponds to the difference between the fair value of the compound instrument as a whole and the fair value of the financial liability, calculated as the fair value of a similar liability that does not have an associated equity component. The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is not adjusted during the life of the instrument. The liability component is measured at amortized cost over the instrument's expected life.

2.17 Borrowings

Borrowings are initially recognized 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 reporting date, in which case they are classified as non-current.

2.18 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 19R.

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

Actuarial gains and losses on post-employment benefit obligations are recognized in "Other comprehensive income" and may not be subsequently reclassified to profit or loss.

Actuarial gains and losses on other long-term employee benefits and length-of-service awards payable to employees on retirement are recognized in the income statement in the period in which they arise.

Gains and losses arising from plan amendments are recognized in the income statement under "Other operating income" or "Other operating expense".

Employee benefit expense is divided into two categories as follows:

- the increase in the provision due to the passage of time, net of the return on plan assets, is recognized as a financial expense. The expected return on plan assets is measured using an interest rate that is the same as the discount rate used for calculating the provision;
- the expense corresponding to service cost is allocated to the relevant operating expense line items by function.

2.19 Provisions

Provisions for site remediation, 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 reporting 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.

2.20 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.

2.21 Recurring operating profit

Recurring operating profit is used by the Group as an indicator of sustainable long-term performance. It is stated before other operating income and expense, which correspond to non-recurring items that represent material amounts, are unusual in nature and occur infrequently, and therefore distort assessments of the Group's underlying performance.

Recurring operating profit corresponds to gross profit after distribution costs, administrative expenses and research and development costs.

2.22 Other operating income and expense

Other operating income and expense include non-recurring items that represent material amounts, are unusual in nature and occur infrequently, with the result that they are difficult to predict. They primarily include restructuring costs, impairment losses and gains and losses on disposal of property, plant and equipment and intangible assets.

2.23 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding, representing the number of shares issued less the average number of Chargeurs shares held by the Company or its subsidiaries.

Depending on the circumstances and financial market conditions at the year-end, the dilutive effect taken into account for the calculation of diluted earnings per share may result from employee stock options, stock warrants and/or convertible bonds. The dilutive instruments concerned are taken into account as from their grant or issue date, except in cases where their exercise price exceeds the market price of Chargeurs shares.

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 (CGUs) are determined based on calculations of value in use, which require the use of estimates (see note 5).

Impairment tests performed in 2014 did not reveal any impairment in the carrying amount of goodwill.

B) INCOME TAX

Tax assets arising from group relief in France (tax losses and deductible temporary differences) are assessed based on taxable profit projections over a period of five years.

3.2 Critical judgments

For several years, the Group has sold receivables under no-recourse agreements involving the transfer of title.

Accordingly, these receivables are no longer recognized in the financial statements of the relevant entities.

IAS 39 – Financial Instruments: Recognition and Measurement, which deals with the derecognition of financial assets, including trade receivables, requires entities to base their analysis on the following three criteria:

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

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

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

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

4 – Acquisitions – Disposals

There were no acquisitions or disposals during the period.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5 – Intangible assets

A) GOODWILL FOR FULLY CONSOLIDATED COMPANIES

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

(in euro millions)	Gross value	Accumulated impairment losses	Net value
JAN. 1, 2013	**81.6**	**(15.7)**	**65.9**
Goodwill corresponding to:			
▪ Goodwill recognized on companies acquired during the period	-	-	-
▪ Goodwill written off on companies disposed of during the year	-	-	-
▪ Goodwill written off on companies removed from the scope of consolidation	-	-	-
Translation adjustment	(2.1)	-	(2.1)
Changes in scope of consolidation	-	-	-
Impairment losses recognized during the period	-	-	-
DEC. 31, 2013	**79.5**	**(15.7)**	**63.8**
JAN. 1, 2014	**79.5**	**(15.7)**	**63.8**
Goodwill corresponding to:			
▪ Goodwill recognized on companies acquired during the period	-	-	-
▪ Goodwill written off on companies disposed of during the year	-	-	-
▪ Goodwill written off on companies removed from the scope of consolidation	-	-	-
Translation adjustment	6.6	-	6.6
Changes in scope of consolidation	-	-	-
Impairment losses recognized during the period	-	-	-
DEC. 31, 2014	**86.1**	**(15.7)**	**70.4**

Chargeurs has three core businesses: Protective Films, Interlining and Wool.

Both the Protective Films and Wool businesses are operated based on a worldwide structure that serves a global customer base. Consequently, each one is considered as one cash-generating unit (CGU).

The Interlining business also has a worldwide organizational structure, but it serves customers on a local basis. However, the Chargeurs Interlining CGU does not include the Group's two most recently acquired Interlining companies – Etacol in Bangladesh, acquired in 2008, and Yak in China, acquired in 2006 and accounted for by the equity method – which are treated as two separate CGUs.

The table below provides a breakdown by CGU of goodwill related to fully consolidated companies:

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Chargeurs Films de Protection	53.1	46.9
Chargeurs Interlining (excluding Yak and Etacol)	13.6	13.6
Etacol	3.7	3.3
TOTAL	**70.4**	**63.8**

Chargeurs Protective Films goodwill is measured in US dollars and the €6.2 million increase in its carrying amount between December 31, 2013 and December 31, 2014 was due to the dollar's appreciation against the euro over the period.

Goodwill impairment tests

Impairment tests were carried out on the two businesses to which goodwill has been allocated using the five-year cash flow projections contained in the business plans approved by management, as adjusted to comply with IAS 36. Cash flows beyond this five-year period were extrapolated by using the estimated growth rates shown in the table below.

The uncertain economic environment was taken into account in the CGUs' business plans, by basing revenue and earnings growth forecasts on conservative estimates. Projections assumed reasonable growth in the Group's profitability indicators over the duration of the plans.

The risks specific to certain countries are factored into the risk-free rate by calculating an average of the risk-free rates, plus any required country risk premium weighted by the revenue generated in that country.

The following method was used for the Chargeurs Protective Films and Chargeurs Interlining businesses:

- a cash flow simulation model was developed based on various market parameters;
- The cash flow simulations were broken down into various scenarios based on different assumptions for WACC, growth rates and/or EBIT, taking into account the probability of each situation occurring.

The final value allocated to the CGUs' goodwill corresponds to the average value of all of the different simulated scenarios.

	2014			2013		
The main value-in-use assumptions applied were as follows:	Chargeurs Films de Protection	Chargeurs Interlining (excluding Etacol & Yak)	Etacol	Chargeurs Films de Protection	Chargeurs Interlining (excluding Etacol & Yak)	Etacol
Average weighted operating margin over the business plan period(1)	8.52%	4.44%	8.70%	7.20%	4.30%	8.80%
Perpetuity growth rate(2)	1.00%	1.00%	1.00%	1.00%	1.00%	2.00%
Discount rate	8.53%	8.17%	8.17%	8.26%	8.21%	8.21%

(1) Recurring operating profit as a % of revenue.
(2) The perpetuity growth rate is equal to or less than the medium- to long-term growth rate for the industry as a whole. The rate is used only for inflation.

Tests were performed to determine the sensitivity of the values obtained to changes in all of the key assumptions presented above. A 100 basis-point increase in the discount rate used to calculate the recoverable amount of goodwill, combined with a 100 basis-point reduction in operating margin (corresponding to changes in the key assumptions that management considers "reasonably possible"), would not give rise to any impairment losses for the goodwill held by any of the Group's CGUs

Similarly, the goodwill held by the Group's CGUs would not be affected if the objectives contained in the five-year business plans were achieved a year later than forecast.

B) OTHER INTANGIBLE ASSETS

In 2014, no development projects satisfied the asset recognition criteria in IAS 38.

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
JAN. 1, 2013	**0.5**	**1.2**	**1.6**	**0.7**	**4.0**
Capitalized development costs	-	-	-	-	-
Additions	-	-	0.1	0.2	0.3
Disposals	-	-		(0.1)	(0.1)
Changes in scope of consolidation	-	-	(1.3)	-	(1.3)
Amortization	(0.1)	(0.3)	(0.1)	(0.4)	(0.9)
Depreciation	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-
Other	-	-	-	0.5	0.5
Translation adjustment	-		-	-	-
DEC. 31, 2013	**0.4**	**0.9**	**0.3**	**0.9**	**2.5**

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
JAN. 1, 2014	**0.4**	**0.9**	**0.3**	**0.9**	**2.5**
Capitalized development costs		-	-	-	-
Additions[(1)]	0.1	-	-	0.5	0.6
Disposals	-	-	-	(0.1)	(0.1)
Changes in scope of consolidation	-	-	-	-	-
Amortization	(0.1)	(0.4)	-	(0.3)	(0.8)
Depreciation	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-
Other	0.2	-	-	(0.2)	-
Translation adjustment	-	-	-	-	-
DEC. 31, 2014	**0.6**	**0.5**	**0.3**	**0.8**	**2.2**

(1) Including €0.3 million worth of assets acquired under finance leases.

6 – Property, plant and equipment

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

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
JAN. 1, 2013	**4.2**	**15.1**	**20.4**	**5.8**	**2.0**	**47.5**
Additions	-	0.5	4.9	0.3	1.0	6.7
Disposals	(1.6)	(0.5)	(1.7)	-	-	(3.8)
Changes in scope of consolidation	-	(1.1)	(0.7)	(1.6)	-	(3.4)
Amortization	-	(2.1)	(4.9)	(1.1)	-	(8.1)
Impairment	-	-	(0.1)	-	-	(0.1)
Other	-	(0.1)	0.7	0.5	(1.6)	(0.5)
Translation adjustment	-	(0.2)	(0.4)	-	(0.2)	(0.8)
DEC. 31, 2013	**2.6**	**11.6**	**18.2**	**3.9**	**1.2**	**37.5**

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
JAN. 1, 2014	**2.6**	**11.6**	**18.2**	**3.9**	**1.2**	**37.5**
Additions[(1)]	-	0.1	19.5	0.3	1.6	21.5
Disposals	-	-	(0.3)	(0.9)	(0.3)	(1.5)
Changes in scope of consolidation	-	-	-	-	-	-
Amortization	-	(1.5)	(5.9)	(0.7)	-	(8.1)
Impairment	-	-	(0.2)	-	-	(0.2)
Other	-	0.1	(0.4)	1.3	(1.0)	-
Translation adjustment	-	0.4	0.7	-	-	1.1
DEC. 31, 2014	**2.6**	**10.7**	**31.6**	**3.9**	**1.5**	**50.3**

(1) Including €11.8 million worth of assets acquired under finance leases (see note 7).

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 statement of financial position at January 1, 2004 (the IFRS transition date).

(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 Chargeurs Protective Films and Chargeurs Interlining 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 2014 in accordance with paragraphs (ii) and (iii) above.

7 – Finance leases

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

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
Land	1.2	1.2
Buildings	19.5	18.7
Plant and equipment	31.1	7.3
Fixtures, fittings and other	7.0	6.4
GROSS VALUE	**58.8**	**33.6**
Amortization	**(39.3)**	**(26.1)**
Depreciation	**-**	**-**
NET VALUE	**19.5**	**7.5**

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

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
Future minimum lease payments under finance leases	25.9	8.1
Finance lease liabilities	23.2	7.7
Future finance cost	**2.7**	**0.4**

Future lease payments can be analyzed by maturity as follows:

(in euro millions)	Future minimum lease payments	Finance lease liabilities
Due in less than one year	5.5	4.6
Due in one to five years	17.4	15.8
Due in more than five years	3.0	2.8
TOTAL AT DEC. 31, 2014	**25.9**	**23.2**
Due in less than one year	1.4	1.2
Due in one to five years	3.8	3.5
Due in more than five years	2.9	3.0
TOTAL AT DEC. 31, 2013	**8.1**	**7.7**

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

During 2014, the Protective Films business terminated an operating lease and the corresponding assets were added back to the consolidated statement of financial position at their gross value of €10.8 million. At the end of the year, part of this amount was financed by a €9.5 million finance lease.

Also in 2014, the Interlining business carried out sale-and-leaseback transactions on assets with a gross value of €11.2 million.

8 – Investments in associates and joint ventures

A) COMPANIES

Interlining

Ningbo Lailong Bertero Interlining Co. Ltd.

Wool

CW Uruguay includes the following companies: Lanera Santa Maria and its subsidiary, Hart Newco, and Lanas Trinidad SA.

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

Zhangjiagang Yangtse Wool Combing Co. Ltd comprises Zhangjiagang Yangtse Wool Combing Co. Ltd and Yangtse (Australia) PTY Ltd.

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

	Share in equity		Group share of profit/(loss)	
(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013
Ningbo Lailong Bertero Interlining Co. Ltd	13.2	12.6	-	-
CW Uruguay	6.8	5.8	0.2	0.1
CW Argentina	1.8	1.6	0.3	0.3
Zhangjiagang Yangtse Wool Combing Co. Ltd	4.8	5.3	(0.9)	(0.2)
Other	0.1	0.1	-	-
TOTAL JOINT VENTURES	**26.7**	**25.4**	**(0.4)**	**0.2**
USA Wool	0.4	0.3	0.1	0.1
TOTAL ASSOCIATES	**0.4**	**0.3**	**0.1**	**0.1**
TOTAL EQUITY-ACCOUNTED INVESTEES	**27.1**	**25.7**	**(0.3)**	**0.3**

Goodwill related to associates is added to the carrying amount of the investment in the company concerned. Goodwill related to Ningbo Lailong Bertero Interlining Co. Ltd.amounts to €9.6 million.

(in euro millions)	Yak entities	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Other	**Total**
JAN. 1, 2013	**15.3**	**6.0**	**1.8**	**-**	**1.5**	**24.6**
Participation in rights issues	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Capital reduction	-	-	-	-	(1.2)	(1.2)
Disposals	-	-	-	-	-	-
Change in scope of consolidation	(2.2)	-	-	5.8	-	3.6
Income statement impact	-	0.1	0.3	(0.1)	-	0.3
Dividends	(0.3)	-	-	-	-	(0.3)
Translation adjustment	(0.2)	(0.3)	(0.5)	(0.4)	0.1	(1.3)
DEC. 31, 2013	**12.6**	**5.8**	**1.6**	**5.3**	**0.4**	**25.7**

(in euro millions)	Ningbo Lailong Bertero Interlining Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Other	Total
JAN. 1, 2014	**12.6**	**5.8**	**1.6**	**5.3**	**0.4**	**25.7**
Participation in rights issues	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Income statement impact	-	0.2	0.3	(0.9)	0.1	(0.3)
Dividends	(0.7)	-	-	-	-	(0.7)
Translation adjustment	1.3	0.8	(0.1)	0.4	-	2.4
DEC. 31, 2014	**13.2**	**6.8**	**1.8**	**4.8**	**0.5**	**27.1**

B) KEY FIGURES FOR THE MAIN EQUITY-ACCOUNTED INVESTEES

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

	Financial year ended December 31, 2014				Financial year ended December 31, 2013			
(in euro millions)	Ningbo Lailong Bertero Interlining Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Yak entities[1]	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd
Non-current assets	3.2	3.7	1.7	5.4	3.2	2.4	2.8	4.7
Current assets	5.0	42.8	13.6	32.3	5.5	40.3	13.4	21.3
Cash and cash equivalents	0.7	0.9	0.5	2.1	2.1	5.9	0.2	0.4
Non-current financial liabilities	-	-	-	-	-	-	-	-
Other non-current liabilities	0.6	0.1	0.3	0.1	0.5	0.1	1.3	0.2
Current financial liabilities	-	-	-	-	-	-	-	-
Other current liabilities	1.0	33.7	11.9	29.3	2.3	36.8	11.9	15.7
TOTAL NET ASSETS	**7.3**	**13.6**	**3.6**	**10.4**	**8.0**	**11.7**	**3.2**	**10.5**
% interest	49%	50%	50%	50%	49%	50%	50%	50%
Group share	3.6	6.8	1.8	5.2	3.9	5.8	1.6	5.3
Goodwill	9.6			(0.4)	8.7			
CARRYING AMOUNT OF EQUITY-ACCOUNTED INVESTEES	**13.2**	**6.8**	**1.8**	**4.8**	**12.6**	**5.8**	**1.6**	**5.3**

(1) In 2013, Yak included Ningbo Lailong Bertero Interlining Co. Ltd and Ningbo Yak Bertero Textiles Co. Ltd. Both of these companies were divested during 2013.

(in euro millions)	**Financial year ended December 31, 2014** Ningbo Lailong Bertero Interlining Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Financial year ended December 31, 2013 Yak entities	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd
Revenue	7.5	52.8	15.9	36.2	16.8	51.6	17.7	10.1
Depreciation, amortization and impairment	(0.5)	(0.6)	-	(1.4)	(0.6)	(0.6)	-	(0.2)
Finance costs, net	-	(0.6)	(0.9)	(0.6)	-	(0.3)	(1.4)	(0.1)
Income tax expense	-	-	-	-	(0.2)	-	-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**0.1**	**0.4**	**0.6**	**(1.8)**	**-**	**0.2**	**0.6**	**(0.2)**
Percentage interest	49%	50%	50%	50%	49%	50%	50%	50%
GROUP SHARE OF PROFIT/(LOSS)	**0.0**	**0.2**	**0.3**	**(0.9)**	**-**	**0.1**	**0.3**	**(0.1)**

9 – Deferred taxes

A) ANALYSIS BY PROBABLE RECOVERY/SETTLEMENT DATE (BEFORE NETTING ASSET AND LIABILITY POSITIONS FOR THE SAME TAXABLE ENTITY)

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Deferred tax assets		
▪ Recoverable beyond 12 months	8.7	8.9
▪ Recoverable within 12 months	11.2	9.9
Deferred tax liabilities, net		
▪ To be settled beyond 12 months	(5.8)	(5.4)
▪ To be settled within 12 months	(0.6)	(1.5)
TOTAL	**13.5**	**11.9**

B) ANALYSIS BY SOURCE (BEFORE NETTING ASSET AND LIABILITY POSITIONS FOR THE SAME TAXABLE ENTITY)

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Deferred tax assets		
▪ Temporary differences	12.2	11.0
▪ Tax loss carryforwards and tax credits	7.7	7.8
Deferred tax liabilities		
▪ Temporary differences	(6.4)	(6.9)
TOTAL	**13.5**	**11.9**

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

The tax assets arising from group relief in France, tax loss carryforwards and deductible temporary differences, amounted to €6.9 million at December 31, 2014 and €5.7 million at December 31, 2013.

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

Tax loss carryforwards were as follows at December 31, 2014:

(in euro millions)	Total	Unrecognized
Available until		
2015	0.9	0.9
2016	-	-
2017	-	-
2018	-	-
2019	2.4	2.4
Evergreen losses	373.4	339.6
TOTAL TAX LOSS CARRYFORWARDS	**376.7**	**342.9**

10 – Investments in non-consolidated companies

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

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Interests of over 50%		
Other	0.7	0.8
Interests of between 20% and 50%		
Other	-	-
Interests of less than 20%		
Other	0.1	0.1
TOTAL	**0.8**	**0.9**

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.

11 – Derivative financial instruments

The carrying amount of derivatives can be analyzed as follows:

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Assets	0.6	0.3
Liabilities	(0.7)	(0.5)
NET	**(0.1)**	**(0.2)**

(in euro millions)	Dec. 31, 2014 Fair value	Dec. 31, 2014 Notional	Dec. 31, 2013 Fair value	Dec. 31, 2013 Notional
Assets net of liabilities				
Fair value hedges				
■ Currency hedges[1]	0.2	20.7	(0.2)	15.8
■ Commodity hedges	-	0.4	-	-
Cash flow hedges				
■ Currency hedges[1]	(0.2)	13.2	-	1.5
■ Interest rate	-	-		-
■ Commodity hedges	(0.1)	6.6	-	2.6
Hedges of net investments in foreign operations				
■ Currency hedges[1]	-	-	-	-
Derivatives not qualifying for hedge accounting				
■ Currency hedges[1]	-	-	-	-
■ Interest rate	-	-	-	-
DERIVATIVE INSTRUMENTS – NET ASSET/(LIABILITY)	**(0.1)**	**40.9**	**(0.2)**	**19.9**

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

Currency hedges on a notional amount of €33.9 million include fair value hedges of assets and liabilities and firm commitments by subsidiaries, and cash flow hedges of net sales and net purchases, mainly in US dollars.

The €7.0 million notional amount recorded under "Commodity hedges" corresponds to the purchase of a derivative indexed to the value of polyethylene.

NET NOTIONAL AMOUNTS OF CURRENCY DERIVATIVES BY CURRENCY (NEGATIVE NOTIONAL AMOUNT = NET SELLER POSITION)

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
US dollar	27.9	18.1
Euro	0.5	(0.9)
Chinese yuan	5.1	-
British pound	0.4	0.1
TOTAL	**33.9**	**17.3**

NET NOTIONAL AMOUNTS OF COMMODITY DERIVATIVES BY CURRENCY (NEGATIVE NOTIONAL AMOUNT = NET SELLER POSITION)

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
Euro	7.0	2.6

MATURITIES OF DERIVATIVES AT FAIR VALUE

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
Less than 6 months	(0.2)	(0.2)
More than 6 months	0.1	-

12 – Inventories and work-in-progress

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

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
Gross value		
Raw materials and supplies	37.5	41.9
Finished and semi-finished goods and work-in-progress	65.5	60.5
Other	0.5	0.2
TOTAL - GROSS VALUE	**103.5**	**102.6**
Provisions for impairment	(5.3)	(5.0)
NET VALUE	**98.2**	**97.6**

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
PROVISIONS FOR IMPAIRMENT AT JANUARY 1	**(5.0)**	**(6.4)**
Increase in provisions for impairment of inventory	(1.6)	(1.2)
Reversals of provisions used	1.0	0.9
Reversals of surplus provisions	0.5	1.2
Changes in scope of consolidation	-	0.5
Translation adjustment	(0.2)	-
PROVISIONS FOR IMPAIRMENT AT DECEMBER 31	**(5.3)**	**(5.0)**

No inventories have been pledged as collateral.

13 – Trade receivables

(in euro millions)	Dec. 31, 2014	Not yet due	Past due	Dec. 31, 2013	Not yet due	Past due
Trade receivables						
Gross value	50.6	37.5	13.1	50.7	37.6	13.1
Provisions for impairment	(6.4)	(0.3)	(6.1)	(6.5)	(0.8)	(5.7)
NET VALUE	**44.2**	**37.2**	**7.0**	**44.2**	**36.8**	**7.4**

TRADE RECEIVABLES BY DUE DATE

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
Less than one month past due	3.6	5.3
One-to-three months past due	2.0	1.5
Three-to-six months past due	0.7	0.4
More than six months past due	0.7	0.2
NET VALUE	**7.0**	**7.4**

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 (see note 23).

Factored receivables (IAS 39)

At December 31, 2014, certain receivables had been sold under no-recourse agreements with factoring companies in France and abroad. These receivables are still shown in Chargeurs' consolidated statement of financial position even though they have been sold and despite the fact that title has been transferred to the factoring company (see note 3).

The amounts paid by the factoring companies for the receivables totaled €43.9 million at December 31, 2014 (€49.3 million at December 31, 2013).

14 – Miscellaneous receivables

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
Short-term tax receivables	0.5	0.8
Other receivables	24.2	29.3
Accruals	1.6	2.1
Provisions for impairment	(1.6)	(2.0)
NET VALUE	**24.7**	**30.2**

"Other receivables" primarily include tax credits, the difference between the nominal amount of receivables sold under no-recourse contracts and the sale proceeds, and supplier advances.

The fair value of these assets approximates their carrying amount.

15 – Cash and cash equivalents

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

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
Marketable securities	16.1	20.8
Term deposits	1.1	0.9
SUB-TOTAL	**17.2**	**21.7**
Cash at bank	55.5	26.3
TOTAL	**72.7**	**48.0**

There were no restrictions on the use of the cash and cash equivalents held by Group at December 31, 2014.

16 – Assets held for sale and profit/(loss) from discontinued operations

A) ASSETS HELD FOR SALE

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

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

B) DISCONTINUED OPERATIONS

In 2013, Chargeurs discontinued an unprofitable line of business that formed part of Chargeurs Interlining.

The business discontinuation had a €0.2 million positive impact on consolidated net profit for 2014.

The business's main operating entity was removed from the scope of consolidation in 2014.

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Discontinuation of a Chargeurs Interlining business line		
Revenue	-	0.9
Gross margin	(0.9)	(1.0)
Operating profit/(loss)	(0.7)	(4.5)
Financial income and expense	0.9	-
Pre-tax profit/(loss) from discontinued operations	0.2	(4.5)
Income tax expense	-	-
Post-tax profit/(loss) from discontinued operations	**0.2**	**(4.5)**
Pre-tax gains and losses from asset remeasurements	-	-
Income tax on gains and losses from asset remeasurements	-	-
Post-tax gains and losses from asset remeasurements	-	-
NET PROFIT	**0.2**	**(4.5)**
Discontinuation of the remaining Fabrics operations in Asia	**-**	**(0.1)**
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	**0.2**	**(4.6)**

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

CASH FLOWS

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Net cash from operating activities	(1.8)	(0.9)
Net cash used in investing activities	0.6	0.7
Cash flows from financing activities	0.8	-
Other cash flows	0.1	-
TOTAL CASH FLOWS	**(0.3)**	**(0.2)**

17 – Equity

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since January 1, 2013 are as follows:

SHARES OUTSTANDING AT DECEMBER 31, 2012	**13,524,913**
Issuance of shares on conversion of bonds by bondholders	815,662
SHARES OUTSTANDING AT DECEMBER 31, 2013	**14,340,575**
Issuance of shares on conversion of bonds by bondholders	1,680,736
SHARES OUTSTANDING AT DECEMBER 31, 2014	**16,021,311**

Based on a par value of €0.16 per share, shares outstanding at December 31, 2014 represented issued capital of €2,563,410 (December 31, 2013: €2,294,492).

Double voting rights

Chargeurs' bylaws provide that shares registered in the name of the same owner for more than two years carry double voting rights. Consequently, in accordance with article L. 225-124 of the French Commercial Code (Code de commerce), holders of said shares are entitled to double voting rights at Chargeurs Shareholders' Meetings. At December 31, 2014, 1,039,415 shares carried double voting rights.

Listing of new shares

(excerpted from the prospectus, section 8.1.7 concerning convertible bonds)

Applications will be made periodically for admission to trading on Euronext Paris for the new shares issued on conversion of the bonds and payment of the stock-based coupon. Following these applications, said shares will be listed on a separate line from Chargeurs' existing shares.

The new shares will only rank *pari passu* with the Company's existing shares and be traded on the same line as the existing shares under the same ISIN – FR0000130692 – as from either (i) the start of trading on the day when the existing shares are traded ex the dividend to be paid for the fiscal year preceding that in which the exercise date occurs, or (ii) if no dividend is paid, the start of trading on the day following the Annual General Meeting held to approve the financial statements for that year.

18 – Convertible bonds

A) DESCRIPTION OF THE ISSUE

In April 2010, Chargeurs SA issued (with pre-emptive subscription rights for existing shareholders) 415,083 convertible bonds with a face value of €55 each, representing an aggregate face value of €22,829,565. The offer ran from March 15 to 29, 2010 and was subscribed 1.78 times.

The maximum amount redeemable at the bonds' maturity was €11,993,795 at December 31, 2014 (€14,981,615 at December 31, 2013).

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

Principal terms of the bond issue:

Conversion of bonds into shares

The bonds are convertible into Chargeurs shares at any time between the issue date and the seventh business day preceding the normal or early redemption date, based on a ratio of 27 new shares for 1 bond.

During the period, 54,324 bonds were converted into shares. The aggregate par value of the shares issued on conversion was €0.3 million and the aggregate premium was €2.7 million, representing a total increase in equity of €3.0 million.

	Dec. 31, 2014	Dec. 31, 2013
1 - Number of convertible bonds		
Start of period	272,393	299,691
Conversions during the period	54,324	27,298
End of period	**218,069**	**272,393**
2 - Number of shares issued on conversion		
Start of period	3,963,478	3,147,816
Conversions	1,466,748	737,046
Coupon	213,988	78,616
End of period	**5,644,214**	**3,963,478**
3 - Number of shares that could be issued before January 1, 2016		
Minimum	1,321,498	1,650,702
Maximum	6,978,208	8,716,576
4 - Number of shares that could be issued before January 1, 2016		
Maximum number as a result of conversions	6,978,208	8,716,576
Shares outstanding on December 31	16,021,311	14,340,575
TOTAL	**22,999,519**	**23,057,151**

Coupon

Holders of bonds redeemed at maturity on January 1, 2016 received a stock-based remuneration equal to 6.06 Chargeurs shares per bond.

In the case of early redemption or conversion, the stock-based remuneration was calculated ratably based on the period that had elapsed since the issue date as shown below:

Year of conversion	Coupon
2011	0.76 shares
2012	1.82 shares
2013	2.88 shares
2014	3.94 shares
2015	5.00 shares

The stock-based coupon paid on conversion was recognized directly in equity as a deduction from the premium on the shares in accordance with the "fixed-for-fixed" rule and had no impact on profit. The finance cost recorded in the income statement corresponds to the effect of unwinding the discount on the liability component of the bonds, determined using the effective interest method.

A total of 54,324 bonds were converted in 2014, leading to the issue of 213,988 shares in respect of the stock-based coupon.

Life of the bonds

5 years and 261 days.

Redemption at maturity

The bonds were redeemable at maturity on January 1, 2016 (or the next business day if January 1, 2016 was not a business day) at their nominal value.

Buyback and retirement of the Bonds by the Company

The Company may, at any time, buy back and retire all or some of the bonds, subject to the unanimous agreement of the banks that are parties to the February 7, 2010 debt restructuring agreement. The bonds may be purchased by means of on or off-market transactions or through public purchase or exchange offers, without any limits as to the buyback price or the number of bonds purchased and retired.

Retirement of the Bond issue at the option of the Company

Subject to the unanimous agreement of the banks that are parties to the February 7, 2010 debt restructuring agreement, the Company may, at any time between January 1, 2012 and the bonds' maturity date, provided it gives at least 30 days' notice, redeem all outstanding bonds at their nominal value if the arithmetical average of the opening prices quoted for the Company's shares on Euronext Paris over ten consecutive trading days within the 20-day period preceding the publication of the retirement notice exceeds €6.

Listing

The convertible bonds were listed on the Euronext Paris stock market (ISIN: FR0010870931).

Conversion ratio adjustments

The usual adjustments that could be necessary as a result of any corporate actions were described in the prospectus published on the AMF website.

B) ACCOUNTING TREATMENT

The market interest rate used on initial recognition of the bonds in 2010 to calculate the fair value of the debt and the initial breakdown between the bonds' equity and liability components are presented below:

- Market interest rate used to calculate fair value: 5.35%.
- Equity component of the convertible bonds: €4.6 million.
- Fair value of the liability component on the issue date: €16.8 million.

A total of 54,324 bonds were converted in 2014, leading to a €3.0 million decrease in the outstanding debt and a corresponding increase in equity, including €0.3 million added to share capital and €2.7 million recorded in the share premium account.

At December 31, 2014,

- the outstanding debt amounted to €11.2 million,
- and the effective interest rate was 7.6% and the finance cost for the year was €1.0 million.

19 – Borrowings

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

A) NET DEBT

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013	Effective interest rate Dec. 31, 2014
Bank borrowings	48.7	24.5	5.1%
Bank overdrafts	14.7	20.3	
TOTAL BANK LOANS AND OVERDRAFTS	**63.4**	**44.8**	
Cash and cash equivalents	(72.7)	(48.0)	
NET DEBT	**(9.3)**	**(3.2)**	

B) BORROWINGS

Chargeurs' borrowings fulfill the criteria for classification as "Other financial liabilities". Borrowings are measured using the amortized cost method.

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Bank borrowings	25.5	16.8
Finance lease liabilities	23.2	7.7
TOTAL	**48.7**	**24.5**

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

(in euro millions)	**Dec. 31, 2014**	Of which fixed rate	Of which variable rate	Dec. 31, 2013	Of which fixed rate	Of which variable rate
Due in less than one year	6.7	4.0	2.7	11.5	1.6	9.9
Due in one to two years	5.9	4.0	1.9	3.5	1.5	2.0
Due in two to three years	5.7	4.3	1.4	2.7	1.2	1.5
Due in three to four years	20.7	3.9	16.8	1.1	-	1.1
Due in four to five years	3.8	1.9	1.9	1.1	-	1.1
Due in more than five years	5.9	1.8	4.1	4.6	-	4.6
TOTAL	**48.7**	**19.9**	**28.8**	**24.5**	**4.3**	**20.2**

As of December 31, 2014, Group companies had access to lines of credit totaling €84 million.

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

At December 31, 2014, the carrying amount of borrowings originally contracted at fixed rates was €19.9 million. Average fixed-rate borrowings represented 47.8% of total average borrowings in 2014 compared to 12.1% in 2013.

The average interest rate on long-term debt was 5.09% at December 31, 2014 versus 4.29% at December 31, 2013.

The increase in the cost of long-term debt in 2014 was partly due to the refinancing of fixed assets by the Interlining business (see note 7) and to new finance leases set up by the Protective Films business. These contracts were renegotiated at the end of 2014 to reduce the Group's borrowing costs.

In addition, in December 2014, Chargeurs SA obtained a €15 million 4-year loan that was used to refinance existing facilities on more attractive terms and to finance development operations. The loan's hard covenants (net debt/equity ≤ 0.55 and net debt/EBITDA ≤ 3.5) were complied with at December 31, 2014.

Long-term debt at December 31, 2014 can be analyzed as follows by repayment currency:

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Euro	47.8	22.2
US dollar	-	0.7
Other	0.9	1.6
TOTAL	**48.7**	**24.5**

20 – Pension and other post-employment benefit obligations

Pension and other post-employment benefit obligations can be analyzed as follows:

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Post-employment benefit obligations	13.3	10.4
Post-employment healthcare plans	0.6	0.5
Other long-term benefit obligations	1.6	1.8
LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	**15.5**	**12.7**

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 jubilee awards.

The amounts recognized in the statement of financial position for these plans can be analyzed as follows:

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Present value of obligations – funded plans	20.6	19.2
Fair value of plan assets	(16.1)	(15.7)
NET PRESENT VALUE OF OBLIGATIONS – FUNDED PLANS	**4.5**	**3.5**
Present value of obligations – unfunded plans	11.0	9.2
NET LIABILITY IN THE STATEMENT OF FINANCIAL POSITION	**15.5**	**12.7**

Movements in the projected benefit obligation under funded plans were as follows:

(in euro millions)	2014	2013
PROJECTED BENEFIT OBLIGATIONS AT JANUARY 1	19.2	21.0
Service cost	0.1	0.1
Interest cost	0.8	0.7
Curtailments and settlements	(1.4)	-
Benefits paid out of plan assets	(1.2)	(1.3)
Benefits paid out of Company reserves		-
Transfer of obligations to external parties (employee transfers)		-
Actuarial (gains)/losses for the period	1.6	(0.5)
Translation adjustment	2.2	(0.7)
Change from a funded to an unfunded obligation	(0.6)	-
Changes in scope of consolidation		-
Other	(0.1)	(0.1)
PROJECTED BENEFIT OBLIGATIONS AT DECEMBER 31	**20.6**	**19.2**

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

(in euro millions)	2014	2013
FAIR VALUE OF PLAN ASSETS AT JANUARY 1	15.7	15.1
Actuarial gains/(losses) for the period	0.1	1.1
Expected return on plan assets	0.7	0.5
Employer contributions	1.3	0.9
Benefits paid out of plan assets	(1.8)	(1.3)
Curtailments and settlements	(1.0)	-
Translation adjustment	1.7	(0.6)
Asset repayment	(0.6)	-
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**16.1**	**15.7**

The breakdown of plan assets was as follows:

	Dec. 31, 2014	Dec. 31, 2013
Money market funds	5%	4%
Equities	54%	53%
Bonds	37%	37%
Real estate	4%	4%
Commodities	-	2%
TOTAL	**100%**	**100%**

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

(in euro millions)	2014	2013
PROJECTED BENEFIT OBLIGATIONS AT JANUARY 1	**9.2**	**8.7**
Service cost	0.4	0.5
Interest cost	0.3	0.2
Curtailments and settlements	-	-
Benefits paid out of Company reserves	(1.3)	(0.5)
Transfer of obligations to external parties (employee transfers)	-	-
Actuarial (gains)/losses for the period	1.5	0.4
Translation adjustment	0.2	(0.1)
Change from a funded to an unfunded obligation	0.6	-
Changes in scope of consolidation	-	-
Other	0.1	-
PROJECTED BENEFIT OBLIGATIONS AT DECEMBER 31	**11.0**	**9.2**

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

	Year ended December 31	
(in euro millions)	2014	2013
Service cost	0.5	0.6
Interest cost	1.1	0.9
Expected return on plan assets	(0.7)	(0.5)
Liquidation of past services	(0.6)	0.1
NET EXPENSE RECOGNIZED IN THE INCOME STATEMENT	**0.3**	**1.1**

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

Changes in the net liability recognized in the statement of financial position can be analyzed as follows:

(in euro millions)	2014	2013
NET LIABILITY AT JANUARY 1	**12.7**	**14.6**
Net expense recognized in the income statement	0.3	1.1
Benefits paid during the period	(2.0)	(1.4)
Actuarial (gains)/losses for the period	3.0	(1.2)
Asset repayment	0.6	-
Exchange differences on foreign plans	0.7	(0.2)
Other	0.2	(0.2)
NET LIABILITY AT DECEMBER 31	**15.5**	**12.7**

The main actuarial assumptions were as follows:

	Dec. 31, 2014	Dec. 31, 2013
Europe:		
Discount rate applied to projected benefit obligations(1)	1.50%	3.00%
Estimated future salary increases		
■ Managers	2.50%	2.50%
■ Other employees	2.00%	2.00%
Long-term (underlying) inflation rate	2.00%	2.00%
North America:		
Discount rate applied to projected benefit obligations(1)	3.97%	4.50%
Probable retirement age	60 to 65 years	60 to 65 years

(1) Discount rates are based on market interest rates for prime corporate bonds.

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.

A 1-point increase in the discount rate and inflation rate would have a €1.4 million negative impact on the projected benefit obligation.

At December 31, 2014, the average duration of the Group's employee benefit obligations was between seven and 17 years.

The Group pays contributions into funded plans and also pays benefits directly under unfunded plans. The total estimated amount of benefits that will be paid under defined benefit plans during the year ended December 31, 2015 is €2.0 million.

21 – Provisions

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

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
Provisions for other non-current liabilities	0.4	0.4
Provisions for other current liabilities	0.4	2.0
TOTAL	**0.8**	**2.4**

Movements in provisions:

(in euro millions)	Long-term provisions	Short-term provisions	Total
JAN. 1, 2013	**0.4**	**1.7**	**2.1**
Additions	0.1	1.8	1.9
Reversals of provisions used	-	(0.3)	(0.3)
Reversals of surplus provisions	-	(1.0)	(1.0)
Other	-	-	-
Translation adjustment	(0.1)	(0.2)	(0.3)
DEC. 31, 2013	**0.4**	**2.0**	**2.4**
JAN. 1, 2014	**0.4**	**2.0**	**2.4**
Additions	-	-	-
Reversals of provisions used	-	(0.9)	(0.9)
Reversals of surplus provisions	-	(0.7)	(0.7)
Other	-	-	-
Translation adjustment	-	-	-
DEC. 31, 2014	**0.4**	**0.4**	**0.8**

(in euro millions)	**Dec. 31, 2014**	Dec. 31, 2013
Provisions for industrial restructuring costs	-	1.7
Provisions for other contingencies	0.8	0.7
TOTAL	**0.8**	**2.4**

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

22 – Other non-current liabilities, other payables and factoring liabilities

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

Receivables sold under no-recourse agreements are shown in the statement of financial position for €43.9 million, with the corresponding liability recorded under "Factoring liabilities".

23 – Financial risk management

In the normal course of business, the Chargeurs Group is exposed to financial risks including market risks (foreign exchange risk, interest rate risk and price risk on certain commodities), as well as credit and liquidity risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. Derivative instruments are used to hedge certain risk exposures.

A) MARKET RISKS

Market risks are monitored internally using reporting schedules that compare the entities' exposure to identified risks with market value indicators. These indicators are obtained from various external databases containing information on foreign currencies 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 92.6% 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 52.1% of revenue is generated outside Europe). Foreign exchange risk relates to future commercial transactions, recognized assets and liabilities denominated in foreign currencies 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 49.8% of assets are located outside Europe.

Group entities use forward contracts 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 and the US dollar, and are hedged using forward contracts.

The following table presents the sensitivity of consolidated equity to foreign exchange risk, based on data at December 31, 2014.

(in euro millions)	Translation reserves by currency	Effect of a 10% increase in the exchange rate against the Euro	Effect of a 10% increase in the exchange rate against the Euro
AUD	(0.5)	0.1	(0.1)
ARS	(6.8)	0.7	(0.7)
BDT	0.5	0.1	(0.1)
CLP	(0.1)	0.0	(0.0)
HKD	0.9	0.1	(0.1)
KOR	1.4	0.1	(0.1)
LKR	(0.3)	0.0	(0.0)
NZD	1.6	0.2	(0.2)
RMB	11.3	1.1	(1.1)
SID	0.8	0.1	(0.1)
TRY	(1.3)	0.1	(0.1)
USD	4.4	0.4	(0.4)
WON	0.1	0.0	(0.0)
ZAR	(0.6)	0.1	(0.1)
TOTAL	**11.4**	**3.1**	**(3.1)**

(ii) Interest rate risk

A 1-point increase in interest rates would have a €0.6 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. 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 and through its sales pricing strategy. 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 obtains protection 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.

The risk of non-recovery of trade receivables is reviewed at each monthly close and provisions for impairment are recognized for the following:

- doubtful receivables: these correspond to receivables for which legal proceedings have been launched. Such receivables are written down in an amount representing their full value excluding tax, less any credit insurance settlements receivable;
- past-due receivables: these correspond to receivables that are not disputed by customers but for which the Group has not yet obtained the related settlement despite several reminders. The impairment recognized on these receivables depends on the payments already received, or which are expected, and any changes in the customer's legal and financial situation.

(ii) Country risk

The Group's geographical diversity means that it is not significantly exposed to political risk.

Four of the five main countries in which the Group's customers are located were rated at least "A" by Standard & Poor's.

Fiscal year 2014 Country	% of total revenue	Credit rating(1)
United States	15.4%	AA+
Italy	12.9%	BBB-
China and Hong Kong	11.6%	AAA
Germany	10.8%	AAA
France	7.4%	AA

(1) Standard & Poor's rating

(iii) Banking counterparty risk

The Group deals only with leading financial institutions for derivative instruments, cash-settled transactions and cash deposits.

(iiii) 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 number of different insurance companies, which were all rated at least "A-" by Standard & Poor's at December 31, 2014.

Insured risks	Credit rating(1)
Customer default	A
Freight	A+
Property & casualty	A+
Liability	A+

(1) S&P/Moody's rating

(C) LIQUIDITY RISK

An analysis of the Group’s borrowings is provided in note 19. The Group manages its liquidity risk via the following three main strategies:

(i) Ensuring that short-term assets exceed short-term liabilities

FINANCIAL YEAR ENDED DECEMBER 31, 2014

(in euro 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	72.7	72.7	-	-
Long-term borrowings	(42.0)	-	(36.1)	(5.9)
Short-term portion of long-term borrowings	(6.7)	(6.7)	-	-
Short-term bank loans and overdrafts	(14.7)	(14.7)	-	-
NET DEBT	**9.3**	**51.3**	**(36.1)**	**(5.9)**
Derivative instruments – assets	0.6	0.6	-	-
Deposits	2.2	-	2.2	-
Derivative instruments – liabilities	(0.7)	(0.7)	-	-
OTHER FINANCIAL ASSETS AND LIABILITIES	**2.1**	**(0.1)**	**2.2**	**-**
SUB-TOTAL – FINANCIAL ASSETS AND LIABILITIES	**11.4**	**51.2**	**(33.9)**	**(5.9)**
Working capital				
Trade receivables	44.2	44.2	-	-
Inventories	98.2	98.2	-	-
Trade payables	(88.6)	(88.6)	-	-
SUB-TOTAL – OPERATING ASSETS AND LIABILITIES	**53.8**	**53.8**	**-**	**-**
TOTAL FINANCIAL AND OPERATING ASSETS AND LIABILITIES	**65.2**	**105.0**	**(33.9)**	**(5.9)**

FINANCIAL YEAR ENDED DECEMBER 31, 2013

(in euro 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	48.0	48.0	-	-
Long-term borrowings	(13.0)	-	(8.4)	(4.5)
Short-term portion of long-term borrowings	(11.5)	(11.5)	-	-
Short-term bank loans and overdrafts	(20.4)	(20.4)	-	-
NET DEBT	**3.2**	**16.2**	**(8.4)**	**(4.5)**
Derivative instruments – assets	0.3	0.3	-	-
Deposits	1.5	0.0	1.5	
Derivative instruments – liabilities	(0.5)	(0.5)	-	-
OTHER FINANCIAL ASSETS AND LIABILITIES	**1.4**	**(0.2)**	**1.5**	**-**
SUB-TOTAL – FINANCIAL ASSETS AND LIABILITIES	**4.6**	**16.0**	**(6.9)**	**(4.5)**
Working capital				
Trade receivables	44.2	44.2	-	-
Inventories	97.6	97.6	-	-
Trade payables	(88.9)	(88.9)	-	-
SUB-TOTAL – OPERATING ASSETS AND LIABILITIES	**52.9**	**52.9**	**-**	**-**
TOTAL FINANCIAL AND OPERATING ASSETS AND LIABILITIES	**57.5**	**69.0**	**(6.9)**	**(4.5)**

NB: Receivables sold by the Group under no-recourse agreements are not included in the above table as the sales involve the transfer of title (see note 3). However, for reasons of prudence the Group has kept these receivables in the consolidated statement of financial position with a liability recognized for the amount of the cash proceeds received.

(ii) Forging partnerships with banks while maintaining a diversified lender base

The Group works with over 25 banks and financial institutions, of which the five largest represent 67% of its available credit facilities. At December 31, 2014, all of the five main banking partners had at least a B to A1 short-term rating, a B+ to Aa1 long-term rating and negative to stable outlooks.

(iii) Applying strict rules for financing arrangements

When negotiating financing arrangements, the Group is particularly careful to ensure that the related documentation minimizes liquidity risk. To this end, specific negotiation standards have been issued and documentation for material financing arrangements has to be validated at several different levels.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

24 – Other operating income and expense

Other operating income and expense can be analyzed as follows:

	Year ended December 31	
(in euro millions)	**2014**	2013
Gains and losses on disposal of non-current assets	-	3.0
Goodwill impairment	-	-
Restructuring costs	(0.9)	(0.1)
Impairment of non-current assets	(0.5)	-
Reversal of surplus provisions	-	0.5
Other	(0.1)	
TOTAL	**(1.5)**	**3.4**

Exchange gains and losses arising from the period-end conversion of foreign currency receivables and payables are now included in financial income and expenses, while gains and losses on currency hedges are classified with the loss or gain on the hedged item.

Consequently, in the comparative information for 2013, exchange gains and losses previously reported in "Other operating income and expense" have been reclassified in gross profit for a negative €0.8 million.

25 – Number of employees and payroll costs

A) NUMBER OF EMPLOYEES

The average number of employees of fully consolidated subsidiaries was as follows:

	Year ended December 31	
	2014	2013
Employees in France	519	506
Employees outside France	1,062	1,216
TOTAL EMPLOYEES	**1,581**	**1,722**

B) PAYROLL COSTS

Payroll costs include wages and related taxes, but do not include expenses recorded for pension benefit obligations.

	Year ended December 31	
(in euro millions)	**2014**	2013
Wages and salaries	50.1	49.3
Payroll taxes	18.6	18.7
Discretionary profit sharing	1.8	0.9
TOTAL	**70.5**	**68.9**

26 – Financial income and expense

(in euro millions)	Year ended December 31 2014	2013
▪ Finance costs	(4.2)	(4.5)
▪ Interest income on loans and investments	0.5	0.6
Finance costs, net	**(3.7)**	**(3.9)**
Factoring cost	**(0.9)**	**(1.0)**
▪ Convertible bond interest cost	(1.0)	(1.0)
▪ Interest expense on employee benefit obligations	(0.4)	(0.5)
▪ Exchange gains and losses on foreign currency receivables and payables	0.1	-
▪ Fair value adjustments to financial instruments	-	(0.1)
▪ Other	(0.4)	-
Other financial income and expense	**(1.7)**	**(1.6)**
FINANCIAL INCOME AND EXPENSE	**(6.3)**	**(6.5)**

27 – Income tax

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

(in euro millions)	Year ended December 31 2014	2013
Current taxes	(5.2)	(4.1)
Deferred taxes	1.1	0.4
TOTAL	**(4.1)**	**(3.7)**

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 euro millions)	Year ended December 31 2014	2013
Income tax expense for the period	(4.1)	(3.7)
Standard French income tax rate	33.33%	33.33%
Tax at the standard rate	(5.0)	(3.8)
DIFFERENCE BETWEEN INCOME TAX EXPENSE FOR THE PERIOD AND TAX AT THE STANDARD RATE	**0.9**	**0.1**
Effect of differences in foreign tax rates	0.1	-
Effect of permanent differences between book profit and taxable profit	(0.3)	0.1
Change in tax assets recognized for tax losses:		
▪ Reversals of valuation allowances on tax loss carryforwards recognized in prior periods	1.2	-
▪ Utilizations of tax loss carryforwards recognized in prior periods and tax losses arising and recognized during the current period	2.2	2.1
▪ Effect of unrelieved tax losses	(1.2)	(1.0)
Other	(1.1)	(1.1)
DIFFERENCE BETWEEN INCOME TAX EXPENSE FOR THE PERIOD AND TAX AT THE STANDARD RATE	**0.9**	**0.1**

28 – Earnings per share

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

Basic earnings per share amounted to €0.67 in 2014.

As a result of the convertible bond issue, diluted earnings per share were determined by taking into account 6,747,055 potential ordinary shares at December 31, 2014 and by adjusting profit to exclude the interest paid on the bonds.

On this basis, diluted earnings per share for the period came to €0.51.

(in euro millions)	Basic	Diluted
Profit from continuing operations (in euro millions)	10.5	11.5
Weighted average number of shares	15,659,563	22,406,618
EARNINGS PER SHARE AT DECEMBER 31, 2014 *(IN EUROS)*	**0.67**	**0.51**

NOTES - ADDITIONAL INFORMATION

29 – Information by business segments

29.1 Profits and losses by business segment

Year ended December 31, 2014 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**206.6**	**167.5**	**104.2**	**-**	**-**	**478.3**
Recurring operating profit/(loss)	**16.8**	**6.2**	**3.4**	**(3.5)**	**-**	**22.9**
Operating profit/(loss)	16.5	5.1	3.3	(3.5)		21.4
Net financial expense						(6.3)
Share of profit/(loss) of equity-accounted investees						(0.3)
Pre-tax profit for the period						**14.8**
Income tax expense						(4.1)
Profit from continuing operations						**10.7**
Profit/(loss) from discontinued operations (in euro millions)						**0.2**
Profit for the period						**10.9**

Year ended December 31, 2013 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**190.9**	**173.7**	**101.9**	**-**	**-**	**466.5**
Recurring operating profit/(loss)	**10.7**	**3.2**	**2.2**	**(1.7)**	**-**	**14.4**
Operating profit/(loss)	10.8	5.1	2.1	(0.2)	-	17.8
Financial income and expense						(6.5)
Share of profit/(loss) of equity-accounted investees						0.3
Pre-tax profit for the period						**11.6**
Income tax expense						(3.7)
Profit/(loss) from continuing operations						**7.9**
Profit/(loss) from discontinued operations						**(4.6)**
Profit for the period						**3.3**

29.2 Additional information

Year ended December 31, 2014 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation of property, plant and equipment	(4.2)	(3.8)	-	(0.1)	(8.1)
Impairment:					
■ Goodwill	-	-	-	-	-
■ Property, plant and equipment	-	-	-	-	-
Impairment:					
■ Inventories	(1.0)	(0.6)	-	-	(1.6)
■ Trade receivables	(0.2)	0.4	-	-	0.2
Restructuring costs (note 24)	(0.1)	(0.8)	-	-	(0.9)

Year ended December 31, 2013 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation of property, plant and equipment	(2.4)	(4.4)	(1.2)	(0.1)	(8.1)
Impairment:					
■ Goodwill	-	-	-	-	-
■ Property, plant and equipment	-	(0.1)	-	-	(0.1)
Impairment:					
■ Inventories	(0.8)	(0.3)	(0.1)	-	(1.2)
■ Trade receivables	(0.1)	1.0	-	-	0.9
Restructuring costs (note 24)	-	(0.1)	-	-	(0.1)

Segment profit includes gains and losses on cash flow hedges of currency risks accumulated in equity that are recycled into the income statement in the period when the hedged purchase or sale transactions affect profit or loss.

Finance costs include gains and losses corresponding to the effective portion of cash flow hedges used to hedge future interest payments. 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.

29.3 Segment assets and liabilities

Year ended December 31, 2014 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets[1]	138.1	127.7	56.3	12.9	335.0
Liabilities[2]	68.5	48.8	27.6	5.5	150.4
Capital employed	**69.6**	**78.9**	**28.7**	**7.4**	**184.6**
Capital expenditure	15.5	6.0	-	-	21.5

Year ended December 31, 2013 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets[(1)]	118.4	122.4	64.6	11.5	316.9
Liabilities[(2)]	67.0	45.9	31.5	4.8	149.2
	51.4	**76.5**	**33.1**	**6.7**	**167.7**
Capital expenditure	3.0	3.1	0.3	0.3	6.7

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

30 – Information by geographical area

A) REVENUE

Revenue is analyzed by geographical area based on the location of the customer.

The Group's operations are carried out on a global scale as shown in the tables below.

	Year ended December 31	
(in euro millions)	**2014**	2013
Europe	229.0	224.8
Asia-Pacific and Africa	141.2	139.8
Americas	108.1	101.9
TOTAL	**478.3**	**466.5**

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

	Year ended December 31	
(in euro millions)	**2014**	2013
Italy	61.6	71.1
United States	73.5	66.6
China and Hong Kong	55.7	58.2
Germany	51.6	48.2
France	35.5	32.1

B) SEGMENT ASSETS

The following tables provide an analysis of non-current assets and capital expenditure based on the geographical area in which the assets are located.

ASSETS

(in euro millions)	**DEC. 31, 2014**	Dec. 31, 2013
Europe	226.7	203.5
Asia-Pacific and Africa	106.7	108.7
Americas	118.2	102.1
TOTAL	**451.6**	**414.3**

CAPITAL EXPENDITURE

(in euro millions)	DEC. 31, 2014	Dec. 31, 2013
Europe	18.0	7.4
Asia-Pacific and Africa	1.1	0.7
Americas	2.4	0.5
TOTAL	**21.5**	**8.6**

31 – Related-party transactions

A) TRANSACTIONS WITH EQUITY-ACCOUNTED INVESTEES (SEE NOTE 8)

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

- Purchases from the Chinese company Ningbo Lailong Bertero Interlining Co. Ltd., which were recognized by Chargeurs Interlining under cost of sales in an amount of €6.9 million.
- Purchases from Lanas Trinidad, Chargeurs Wool Argentina, Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangtse Pty Ltd. These transactions were recognized by Chargeurs Wool under cost of sales in an amount of €39.0 million.

In addition, Alvisey waived repayment of a €0.5 million debt due by Chargeurs Wool Argentina.

B) MANAGEMENT COMPENSATION

(in euros)	2014	2013
Compensation paid to directors	27,500	32,500
Compensation paid to officers	1,555,936	1,044,080
Total compensation and short-term benefits(1)	1,583,436	1,076,580
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits(2)	383,408	-
Share-based payments	-	-
TOTAL	**1,966,844**	**1,076,580**

(1) Including a €350,000 special bonus paid to Eduardo Malone when he stood down from the position of Chief Executive Officer on March 6, 2014, in recognition of his contribution during the 30 years spent at the helm of the Group.

(2) Gross length-of-service award paid to Eduardo Malone following the reinstatement of his suspended employment contract with Chargeurs Boissy on March 7, 2014, calculated according to the formula specified in the National Textile Industry Collective Bargaining Agreement.

32 – Commitments and contingencies

32.1 Commercial commitments

At December 31, 2014, Chargeurs and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €6.6 million.

32.2 Guarantees

At December 31, 2014, Chargeurs and its subsidiaries had given guarantees for a total of €0.1 million.

32.3 Collateral

At December 31, 2014, the Group had granted collateral representing a total of €3.5 million.

32.4 Operating leases

The Group no longer has any material commitments under operating leases.

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

(in euro millions)	Dec. 31, 2014	Dec. 31, 2013
Due in less than one year	-	4.2
Due in one to five years	-	0.7
Due in more than five years	-	-
TOTAL		**4.9**

32.5 Legal risks

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

In the first half of 2011, new Employment Tribunal claims were lodged against the Company on the same grounds for an additional amount of about €0.8 million. On February 20, 2014, all of the above claims filed by former employees were rejected by the judge to whom the cases had been referred by the Employment Tribunal (*juge départiteur*).

In December 2014, the Company was informed that the former employees had lodged an appeal. The appeal is scheduled to be heard in March 2016. The Company continues to believe that the claims are without merit.

32.6 Tax and customs risks

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

In early February 2011, a subsidiary received a €0.8 million tax reassessment, corresponding to excise duty on energy products for the years 2007 to 2010. The company formally contested this reassessment on April 11, 2011. A judgment in favor of the Chargeurs subsidiary was issued in June 2014, which the tax authorities have appealed.

33 – Subsequent events

No significant events occurred between December 31, 2014 and the date on which these financial statements were issued.

34 – Main consolidated companies

At December 31, 2014, 61 companies were fully consolidated (compared with 64 in 2013), and 10 were accounted for by the equity method (unchanged from 2013).

Chargeurs	Parent company
A – MAIN FULLY CONSOLIDATED COMPANIES	
Chargeurs Deutschland GmbH	
Chargeurs Textiles SAS	
Leipziger Wollkämmerei AG	
PROTECTIVE FILMS	
Holding company	**Chargeurs Films de Protection SA**
France	Novacel SA
Italy	Boston Tapes S.p.A. – Boston Tapes Commercial S.r.l. – Novacel Italia S.r.l.
Germany	Novacel GmbH
United Kingdom	Novacel UK
Spain	Novacel Spain
Belgium	Novacel Belgium
North America	Chargeurs Protective Films Inc. – Novacel Inc.
INTERLINING	
Holding company	**Chargeurs Entoilage SA**
France	Lainière de Picardie BC SAS– DHJ International SAS
Italy	Chargeurs Interfodere Italia
Germany	Lainière de Picardie Deutschland GmbH
United Kingdom	Chargeurs Interlining (UK) Ltd
Portugal	Chargeurs Entretelas (Iberica) Ltd
North America	Lainière de Picardie Inc.
South America	Lainière de Picardie Golaplast Brazil Textil Ltda – Entretelas Americanas SA – Lainière de Picardie_DHJ Chile SA
South Africa	Stroud Riley (Proprietary) Limited
Asia	Chargeurs Interlining (H.K.) Limited – LP (Wujiang) Textiles Co. Ltd – Lainière de Picardie Korea Co. Ltd – C.I. Guangzhou – DHJ Interlining Limited – Ningbo Chargeurs Yak Textile Trading Co. Ltd – Etacol Bangladesh Ltd
WOOL	
Holding company	**Chargeurs Wool Holding GmbH**
France	Chargeurs Wool (Eurasia) SAS
Italy	Chargeurs Wool Sales (Europe) S.r.l.
South Africa	Chargeurs Wool (South Africa) (Pty) Ltd
New Zealand	Chargeurs Wool (NZ) Limited
North America	Chargeurs Wool (USA) Inc.
B - MAIN EQUITY-ACCOUNTED INVESTEES	
Ningbo Lailong Bertero Interlining Co. Ltd (49%)	
USA Wool (35%)	
Lanera Santa Maria (50%) and its subsidiary Hart Newco	
Lanas Trinidad SA (50%)	
Chargeurs Wool (Argentina) SA (50%), and its subsidiary Peinaduria Rio Chubut (25%)	
Zhangjiagang Yangtse Wool Combing Co. Ltd (50%) and its subsidiary Yangtse (Australia) Pty Ltd	

The percentages indicated correspond to Chargeurs' percentage of control at December 31, 2014 for companies that are not almost or entirely wholly owned by the Group.

5.3.2. STATUTORY AUDITORS' REPORT ON THE 2014 CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended December 31, 2014

To the Shareholders,

In compliance with the assignment entrusted to us by the Annual General Meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying consolidated financial statements of Chargeurs S.A.;
- 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 consolidated 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*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. We assessed the data and assumptions on which these estimates and judgments were based, and examined, on a test basis, the calculations performed by the Company. We compared accounting estimates of prior periods with the actual results and reviewed procedures for the approval 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.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris, April 1, 2015

The Statutory Auditors

PricewaterhouseCoopers Audit	S & W Associés
Eric Bertier	Maryse Le Goff

5.4. FIRST-HALF 2017 CONSOLIDATED FINANCIAL STATEMENTS

5.4.1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2017

Consolidated Income Statement

(in euro millions)	Note	Six months ended June 30 2017	2016
Revenue	**4**	**281.8**	**253.5**
Cost of sales		(210.0)	(188.3)
Gross margin		**71.8**	**65.2**
Distribution costs		(28.7)	(26.7)
Administrative expenses		(17.7)	(16.5)
Research and development costs		(1.9)	(1.7)
Recurring operating profit/(loss)		**23.5**	**20.3**
Other operating income	5	0.1	-
Other operating expenses	5	(3.1)	(2.7)
Operating profit/(loss)		**20.5**	**17.6**
Finance costs, net		(2.8)	(1.6)
Other financial expenses		(1.0)	(0.9)
Other financial income		-	4.1
Net financial expense	**7**	**(3.8)**	**1.6**
Share of profit/(loss) of equity-accounted investees	13	(0.5)	(2.3)
Pre-tax profit for the period(1)		**16.2**	**16.9**
Income tax expense	8	(2.3)	(3.8)
Profit/(loss) from continuing operations(1)		**13.9**	**13.1**
PROFIT FOR THE PERIOD		**13.9**	**13.1**
ATTRIBUTABLE TO OWNERS OF THE PARENT		**13.9**	**13.1**
Attributable to non-controlling interests		-	-
Earnings per share *(in euros)*	9	0.60	0.57
Diluted earnings per share *(in euros)*	9	0.60	0.57

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

Consolidated Statement of Comprehensive Income

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

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

Consolidated Statement of Financial Position

ASSETS

(in euro millions)	Note	June 30, 2017	Dec. 31, 2016
Non-current assets			
Intangible assets	10	86.1	92.1
Property, plant and equipment	11	59.7	61.8
Investments in associates and joint ventures	13	12.6	14.9
Deferred taxes	8	29.9	29.0
Financial assets		5.5	2.4
Other non-current assets		0.5	0.5
		194.3	**200.7**
Current assets			
Inventories and work-in-progress	14	96.7	105.4
Trade receivables	14	58.1	47.3
Factored receivables[(1)]		54.5	50.7
Derivative financial instruments	14	1.2	0.5
Other receivables	14	26.7	23.0
Current income tax receivables	14	1.6	2.2
Cash and cash equivalents	15	201.5	161.5
		440.3	**390.6**
TOTAL ASSETS		**634.6**	**591.3**

EQUITY AND LIABILITIES

(in euro millions)	Note	June 30, 2017	Dec. 31, 2016
Attributable to owners of the parent	**9**	**227.9**	**227.3**
TOTAL EQUITY		**227.9**	**227.3**
Non-current liabilities			
Long-term borrowings	15	169.2	133.1
Pension and other long-term employee benefit obligations	16	16.5	16.7
Provisions	17	0.5	0.5
Other non-current liabilities	18	3.1	3.1
		189.3	**153.4**
Current liabilities			
Trade payables	14	99.0	91.3
Other payables	14	37.9	39.7
Factoring liabilities(1)		54.5	50.7
Current income tax liability	14	2.5	1.9
Derivative financial instruments	14	0.5	1.8
Short-term portion of long-term borrowings	15	7.8	8.1
Short-term bank loans and overdrafts	15	15.2	17.1
		217.4	**210.6**
TOTAL EQUITY AND LIABILITIES		**634.6**	**591.3**

(1) Related to receivables for which title has been transferred (see note 3.2).

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

Consolidated Statement of Cash Flows

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

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

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

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

Consolidated Statement of Changes in Equity

(in euro millions)	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Actuarial gains and losses on post-employment benefit obligations	Treasury stock	Total equity attributable to owners of the parent	Non-controlling interests	Total
AT DECEMBER 31, 2015	**3.7**	**53.0**	**146.2**	**21.4**	**0.3**	**(5.1)**	**(0.2)**	**219.3**	**3.1**	**222.4**
Payment of dividends			(6.9)					(6.9)		(6.9)
Profit for the period			13.1					13.1		13.1
Effect of changes in scope of consolidation								-	(1.9)	(1.9)
Other components of other comprehensive income			(0.1)	(8.5)	(1.0)	(1.9)		(11.5)	(1.2)	(12.7)
AT JUNE 30, 2016	**3.7**	**53.0**	**152.3**	**12.9**	**(0.7)**	**(7.0)**	**(0.2)**	**214.0**	**-**	**214.0**
At December 31, 2016	3.7	53.0	159.9	18.1	(0.4)	(6.8)	(0.2)	227.3	-	227.3
Issue of share capital(1)		4.4						4.4		4.4
Changes in treasury stock							(0.3)	(0.3)		(0.3)
Payment of dividends(1)			(8.0)					(8.0)		(8.0)
Profit for the period			13.9					13.9		13.9
Other components of comprehensive income			(0.1)	(10.0)	0.6	0.1		(9.4)		(9.4)
AT JUNE 30, 2017	**3.7**	**57.4**	**165.7**	**8.1**	**0.2**	**(6.7)**	**(0.5)**	**227.9**	**-**	**227.9**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Chargeurs shares are listed on Euronext Paris.

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

1 – Significant events of the year

1.1 Euro private placement (Euro PP) issue

In line with its overall development strategy, the Chargeurs Group is continuing to optimize its balance sheet structure and long-term financial resources by signing a new Euro PP, raising a total of €50.0 million, repayable at maturity, which will be used for general corporate purposes. The Euro PP comprises:

- a €40.0 million 8-year private placement notes issue (drawn down on June 30, 2017) underwritten in particular by AG2R La Mondiale and Suravenir; and
- a €10.0 million 10-year bank loan (not drawn down on June 30, 2017) underwritten and arranged by Bank of China Limited.

1.2 Credit facilities

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

1.3 Acquisitions

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

2 – Summary of significant accounting policies

2.1 Basis of preparation

The first-half 2017 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. These standards can be downloaded from the European Commission’s website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm#adopted-commission).

They have been prepared in accordance with IAS 34, Interim Financial Reporting, and therefore do not contain all of the information and disclosures required in annual consolidated financial statements. Consequently, they should be read jointly with the consolidated financial statements for the year ended December 31, 2016.

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

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

2.2 List of new, revised and amended standards and interpretations

A) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS WHOSE APPLICATION WAS MANDATORY IN THE PERIOD ENDED JUNE 30, 2017:

Adopted by the European Union

None.

Not yet adopted by the European Union

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

B) NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE YEARS AND NOT EARLY ADOPTED BY THE GROUP:

Adopted by the European Union

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

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

Not yet adopted by the European Union

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

3 – 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.

3.1.1 IMPAIRMENT OF GOODWILL

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

3.1.2 INCOME TAX

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

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

3.2 Critical judgments

For several years, the Group has sold receivables under no-recourse agreements involving the transfer of title.

Accordingly, these receivables are no longer recognized in the financial statements of the relevant entities.

IAS 39 – Financial Instruments: Recognition and Measurement, which deals with the derecognition of financial assets, including trade receivables, requires entities to base their analysis on the following three criteria:

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

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

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

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

4 – Segment reporting

4.1 Information by business segments

Chargeurs analyzes its business based on four operating segments.

4.1.1 INCOME STATEMENT BY OPERATING SEGMENT

Six months ended June 30, 2017 *(in euro millions)*	Chargeurs Protective Films[2]	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**143.3**	**67.8**	**12.5**	**58.2**		**-**	**281.8**
EBITDA	**21.4**	**5.8**	**2.3**	**1.7**	**(2.1)**	**-**	**29.1**
Amortization	(3.2)	(1.8)	(0.5)	-	(0.1)	-	(5.6)
Recurring operating profit/(loss)	**18.2**	**4.0**	**1.8**	**1.7**	**(2.2)**	**-**	**23.5**
Other operating income and expense[1] (note 5)	(0.9)	-	(0.2)	(0.1)	(1.8)		(3.0)
Operating profit/(loss)	**17.3**	**4.0**	**1.6**	**1.6**	**(4.0)**	**-**	**20.5**
Financial income and expense							(3.8)
Share of profit/(loss) of equity-accounted investees							(0.5)
Pre-tax profit for the period							**16.2**
Income tax expense							(2.3)
Profit/(loss) from continuing operations							**13.9**
Profit for the period							**13.9**

(1) This line notably includes costs incurred in connection with:
- the Group's business development and growth programs; and
- the departure of Group executives, including non-compete indemnities paid in accordance with Group practice.
(2) The year-on-year increase in Chargeurs Protective Films' revenue includes a €12.3 million impact arising from changes in scope of consolidation following the acquisition of Main Tape, which has been consolidated since the second half of 2016.

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

4.1.2 ASSETS AND LIABILITIES BY OPERATING SEGMENT

At June 30, 2017 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Luxury Materials	Non-operating	**Total**
Assets(1)	183.1	93.2	25.7	49.0	27.5	378.5
Liabilities(2)	85.6	35.5	7.8	23.9	7.2	160.0
CAPITAL EMPLOYED	**97.5**	**57.7**	**17.9**	**25.1**	**20.3**	**218.5**
Purchase of assets during the period	2.9	1.9	0.1	-	0.1	5.0

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

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

4.1.3 ADDITIONAL INFORMATION BY BUSINESS SEGMENT

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

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

4.2 Information by geographical area

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

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

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

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

	Six months ended June 30	
(in euro millions)	**2017**	2016
United States	55.1	44.1
Italy	36.4	41.0
China and Hong Kong	26.2	23.3
Germany	25.4	23.2
France	20.5	19.9
TOP 5 COUNTRIES	**163.6**	**151.5**
Other countries	118.2	102.0
TOTAL	**281.8**	**253.5**

5 – Other operating income and expense

Other operating income and expense can be analyzed as follows:

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

(1) At June 30, 2016, restructuring costs were incurred mainly by the Fashion Technologies division and in the holding companies.
(2) Acquisition-related expenses correspond to costs incurred in connection with the Group's business development and growth programs.
(3) For first-half 2017, the line "Other" notably corresponds to costs incurred in connection with the departure of Group executives, including non-compete indemnities paid in accordance with Group practice (see note 4.1.1).

6 – Number of employees and payroll costs

6.1 Number of employees

The average number of employees of fully consolidated subsidiaries was as follows:

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

6.2 Payroll costs

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

7 – Financial income and expense

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

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

8 – Income tax

8.1 Income tax expense

The income tax expense reported in the income statement may be analyzed as follows.

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

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

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

(1) At June 30, 2017, the Group recognized €1.4 million worth of deferred tax assets on the French tax group's tax loss carryforwards, based on profit projections for the next five years.

(2) This amount primarily corresponds to the estimated utilization of tax losses at June 30, 2017 and June 30, 2016 of the French tax group's tax loss carryforwards.

No deferred tax assets have been recognized for most of the evergreen losses of the various tax groups.

9 – Earnings per share

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

The Group reported basic earnings per share of €0.60 for first-half 2017.

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

	Six months ended June 30	
	2017	2016
(in euro thousands)	**Basic earnings per share**	Basic earnings per share
From continuing operations	13.9	13.1
Weighted average number of shares	23,034,825	22,966,144
EARNINGS PER SHARE FROM CONTINUING OPERATIONS *(IN EUROS)*	**0.60**	**0.57**

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since June 30, 2017 are as follows:

Shares outstanding at December 31, 2016	22,966,144
New shares issued following payment of the balance of the dividend for financial year 2016	243,356
SHARES OUTSTANDING AT JUNE 30, 2017	**23,209,500**

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

Double voting rights

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

10 – Intangible assets

10.1 Goodwill

MOVEMENTS IN GOODWILL

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

(in euro millions)	Protective Films	Fashion Technologies(1)	Technical Substrates	Total
DEC. 31, 2015	**59.1**	**6.6**	**11.0**	**76.7**
Translation adjustment	(1.1)	(0.1)	-	(1.2)
JUNE 30, 2016	**58.0**	**6.5**	**11.0**	**75.5**
DEC. 31, 2016	**72.5**	**6.7**	**11.0**	**90.2**
Translation adjustment	(5.5)	(0.4)	-	(5.9)
JUNE 30, 2017	**67.0**	**6.3**	**11.0**	**84.3**

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

PROTECTIVE FILMS

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

In second-half 2016, the acquisition of Main Tape in the United States generated €10.9 million in goodwill. As Main Tape has been included in Protective Films and its acquisition is expected to generate synergies for the segment as a whole, the full amount of this goodwill has been allocated to the Protective Films CGU.

All of Chargeurs Protective Films' goodwill is measured in US dollars and the appreciation in the dollar against the euro between December 31, 2016 and June 30, 2017 resulted in a €5.5 million decrease in its carrying amount.

FASHION TECHNOLOGIES

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

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

TECHNICAL SUBSTRATES

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

10.1.2 Goodwill impairment tests

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

Procedures were performed at June 30, 2017 to obtain assurance that there were no indications that the carrying amount of any CGUs might not be recoverable.

These procedures enabled the Group to conclude that there was no evidence of impairment of any CGU or group of CGUs compared with December 31, 2016. An annual review of the carrying amounts of goodwill and other intangible assets will be performed at the year-end.

10.2 Other intangible assets

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

11 – Property, plant and equipment

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

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
DECEMBER 31, 2015	**2.6**	**10.3**	**34.2**	**4.6**	**4.2**	**55.9**
Additions	-	0.1	1.6	0.1	4.3	6.1
Amortization	-	(0.7)	(3.8)	(0.2)	-	(4.7)
Depreciation	-	-	(0.3)	(0.3)	-	(0.6)
Other	-	0.5	0.6	0.1	(1.2)	-
Translation adjustment	-	(0.2)	(0.3)	-	(0.1)	(0.6)
JUNE 30, 2016	**2.6**	**10.0**	**32.0**	**4.3**	**7.2**	**56.1**
DECEMBER 31, 2016	**2.6**	**10.0**	**40.8**	**5.0**	**3.4**	**61.8**
Additions	-	0.2	1.7	0.1	2.8	4.8
Disposals	-	-	(0.2)	-	(0.4)	(0.6)
Amortization	-	(0.8)	(4.2)	(0.3)	-	(5.3)
Depreciation	-	-	0.1	-	-	0.1
Other	-	0.1	1.1	0.6	(1.8)	-
Translation adjustment	-	(0.3)	(0.7)	-	(0.1)	(1.1)
JUNE 30, 2017	**2.6**	**9.2**	**38.6**	**5.4**	**3.9**	**59.7**

12 – Finance leases

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

(in euro millions)	June 30, 2017	Dec. 31, 2016
Land	1.2	1.2
Buildings	19.5	19.5
Plant and equipment	35.8	36.0
Fixtures, fittings and other	6.9	7.0
GROSS VALUE	**63.4**	63.7
Amortization	**(48.8)**	**(47.3)**
NET VALUE	**14.6**	**16.4**

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

(in euro millions)	June 30, 2017	Dec. 31, 2016
Future minimum lease payments under finance leases	16.7	19.5
Finance lease liabilities	15.3	17.8
Future finance cost	**1.4**	**1.7**

Future lease payments can be analyzed by maturity as follows:

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

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

13 – Investments in associates and joint ventures

13.1 Companies

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

CW Uruguay comprises Lanas Trinidad SA and its subsidiaries.

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

Zhangjiagang Yangtse Wool Combing Co. Ltd comprises Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangtse (Australia) PTY Ltd.

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

(in euro millions)	Dec. 31, 2016	Income statement impact	Dividends received	Translation adjustment	Scope changes	**June 30, 2017**
CW Uruguay	7.7	(0.1)	-	(0.6)	-	7.0
CW Argentina	2.3	0.1	-	(0.2)	-	2.2
Zhangjiagang Yangtse Wool Combing Co. Ltd	3.4	(0.3)	-	(0.1)	-	3.0
Other companies	0.9	-	(0.8)	-	-	0.1
TOTAL JOINT VENTURES	**14.3**	**(0.3)**	**(0.8)**	**(0.9)**	**-**	**12.3**
USA Wool	0.6	(0.2)	-	(0.1)	-	0.3
TOTAL ASSOCIATES	**0.6**	**(0.2)**	**-**	**(0.1)**	**-**	**0.3**
TOTAL EQUITY-ACCOUNTED INVESTEES	**14.9**	**(0.5)**	**(0.8)**	**(1.0)**	**-**	**12.6**

(in euro millions)	Dec. 31, 2015	Income statement impact	Dividends received	Translation adjustment	Scope changes	**June 30, 2016**
CW Uruguay	8.0	(0.1)	(0.3)	(0.1)	-	7.5
CW Argentina	1.6	0.1	-	(0.2)	-	1.5
Zhangjiagang Yangtse Wool Combing Co. Ltd	4.5	(0.6)	-	(0.1)	-	3.8
Other companies	0.1	-	-	-	-	0.1
Total Chargeurs Luxury Material	**14.2**	**(0.6)**	**(0.3)**	**(0.4)**		**12.9**
Ningbo Lailong Bertero Interlining Co. Ltd	3.4	(0.8)	-	(0.1)	(2.5)	(0.0)
Ningbo Chargeurs Yak Textile Trading Co. Ltd	-	(0.9)	-	(0.1)	1.0	-
Total Chargeurs Fashion Technologies	**3.4**	**(1.7)**	**-**	**(0.2)**	**(1.5)**	**(0.0)**
TOTAL JOINT VENTURES	**17.6**	**(2.3)**	**(0.3)**	**(0.6)**	**(1.5)**	12.9
USA Wool	0.5	-	-	-	-	0.5
TOTAL ASSOCIATES	**0.5**	**-**	**-**	**-**	**-**	**0.5**
TOTAL EQUITY-ACCOUNTED INVESTEES	**18.1**	**(2.3)**	**(0.3)**	**(0.6)**	**-**	**13.4**

13.2 Key figures for the main equity-accounted investees

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

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

	June 30, 2017			Six months ended June 30, 2016				
	Chargeurs Luxury Materials			Chargeurs Luxury Materials			Chargeurs Fashion Technologies	
(in euro millions)	**CW Uruguay(1)**	**CW Argentina**	**Zhangjiagang Yangtse Wool Combing Co. Ltd(2)**	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Ningbo Lailong Bertero Interlining Co. Ltd	Yak Textile Trading Co Ltd
Revenue	23.6	11.0	12.8	29.1	8.7	20.8	5.4	6.1
Depreciation, amortization and impairment	(0.3)	-	(0.5)	(0.3)	-	(0.7)	(0.1)	(1.6)
Finance costs, net	(0.4)	(0.3)	(3.5)	(0.5)	(0.6)	(0.3)	-	-
Income tax expense	-	-	-	-	-	-	-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**(0.3)**	**0.1**	**(0.5)**	**0.1**	**0.2**	**(1.2)**	**(1.7)**	**(1.8)**
% interest	50%	50%	50%	50%	50%	50%	49%	49%
Other	-	-	-	(0.1)	-	-	-	-
GROUP SHARE OF PROFIT/(LOSS)	**(0.1)**	**0.1**	**(0.3)**	**(0.1)**	**0.1**	**(0.6)**	**(0.8)**	**(0.9)**

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

13.3 Transactions with equity-accounted investees

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

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

14 – Working capital

(in euro millions)	Dec. 31, 2016	Change in operating working capital(1)	Other changes	Translation adjustment	Impact of changes in scope of consolidation	**June 30, 2017**
Inventories and work-in-progress	105.4	(4.9)	-	(3.8)	-	96.7
Trade receivables	47.3	13.4	-	(2.6)	-	58.1
Derivative financial instruments	0.5	-	0.7	-	-	1.2
Miscellaneous receivables	23.0	4.3	-	(0.6)	-	26.7
Current income tax receivables	2.2	-	(0.6)	-	-	1.6
ASSETS	**178.4**	**12.8**	**0.1**	**(7.0)**	**-**	**184.3**
Trade payables	91.3	9.0	(0.1)	(1.2)	-	99.0
Derivative financial instruments	1.8	-	(1.3)	-	-	0.5
Other payables	39.7	(1.1)	(0.1)	(0.6)	-	37.9
Current income tax liability	1.9	-	0.6	-	-	2.5
LIABILITIES	**134.7**	**7.9**	**(0.9)**	**(1.8)**	**-**	**139.9**
WORKING CAPITAL	**43.7**	**4.9**	**1.0**	**(5.2)**	**-**	**44.4**

(in euro millions)	Dec. 31, 2015	Change in operating working capital(1)	Other changes	Translation adjustment	Impact of changes in scope of consolidation	**June 30, 2016**
Inventories and work-in-progress	101.0	(2.1)	0.1	(1.5)	(3.4)	94.1
Trade receivables	44.6	10.8	-	(0.4)	(5.8)	49.2
Derivative financial instruments	1.1	(0.1)	(0.4)	-	-	0.6
Other receivables	23.6	2.9	-	(0.2)	1.7	28.0
Current income tax receivables	1.3	-	(0.2)	-	-	1.1
ASSETS	**171.6**	**11.5**	**(0.5)**	**(2.1)**	**(7.5)**	**173.0**
Trade payables	90.6	2.7	(0.2)	(0.3)	(6.1)	86.7
Derivative financial instruments	0.3	-	0.8	-	-	1.1
Other payables	38.9	(1.3)	4.8	(0.4)	-	42.0
Current income tax liability	1.5	-	1.2	-	-	2.7
LIABILITIES	**131.3**	**1.4**	**6.6**	**(0.7)**	**(6.1)**	**132.5**
WORKING CAPITAL	**40.3**	**10.1**	**(7.1)**	**(1.4)**	**(1.4)**	**40.5**

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

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

15.1 Net cash position

		Cash movements		Non-cash movements				
(in euro millions)	Dec. 31, 2016	Increase	Decrease	Assets acquired under finance leases	Changes in exchange rates	Other	June 30, 2017	Effective interest rate June 30, 2017
Marketable securities	44.2	-	(12.3)	-	-	-	31.9	
Term deposits	2.7	0.8	-	-	(0.1)	-	3.4	
Cash at bank	114.6	52.4	-	-	(0.8)	-	166.2	
CASH AND CASH EQUIVALENTS	**161.5**	**53.2**	**(12.3)**	**-**	**(0.9)**	**-**	**201.5**	
Bank borrowings	123.4	40.0	(1.7)	-	-	-	161.7	2.70%
Finance lease liabilities	17.8	-	(2.4)	-	(0.1)	-	15.3	
Bank overdrafts	17.1	(0.9)	-	-	(1.0)	-	15.2	
TOTAL BANK LOANS AND OVERDRAFTS	**158.3**	**39.1**	**(4.1)**	**-**	**(1.1)**	**-**	**192.2**	
NET CASH POSITION/(NET DEBT POSITION)	**3.2**	**14.1**	**(8.2)**	**-**	**0.2**	**-**	**9.3**	

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

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

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

New revolving credit facilities

During the first half of 2017, Chargeurs obtained two new 5-year confirmed lines of credit for a total of €13.0 million. None of these facilities had been drawn down at June 30, 2017.

Financial covenants

The Group's Euro PPs (€112.0 million) and certain credit facilities (representing an aggregate €30.0 million) are subject to covenants based on the following ratios:

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

Compliance with these covenants is tested on an annual basis.

15.2 Analysis of the change in net cash position

	Six months ended June 30	
(in euro millions)	**2017**	2016
Cash generated by operations	21.5	19.1
Dividends from equity-accounted investees	0.8	0.3
Change in working capital	(4.9)	(10.1)
NET CASH FROM OPERATING ACTIVITIES	**17.4**	**9.3**
NET CASH USED IN INVESTING ACTIVITIES	**(7.6)**	**(7.0)**
Dividends paid to owners of the parent	(3.6)	(6.9)
Share buybacks	(0.3)	-
Other movements	-	(1.0)
OTHER CASH FLOWS	**(3.9)**	**(7.9)**
New finance lease liabilities	-	(0.2)
Impact of changes in scope of consolidation	-	(0.8)
Effect of changes in exchange rates	0.2	0.2
CHANGE IN NET CASH	**6.1**	**(6.4)**

15.3 Analysis of debt by maturity and interest rate

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

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

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

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

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

15.4 Analysis of debt by currency

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

16 – Pension and other post-employment benefit obligations

Employee benefits expense for the first half of 2016 amounted to €0.2 million, breaking down as service cost for €0.1 million and interest cost for €0.1 million.

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

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

17 – Provisions

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

(in euro millions)	Provisions for other non-current liabilities	Provisions for other current liabilities	Total
DEC. 31, 2015	**0.7**	**0.8**	**1.5**
Reversals of provisions used	-	(0.2)	(0.2)
JUNE 30, 2016	**0.7**	**0.6**	**1.3**
DEC. 31, 2016	**0.5**	**0.6**	**1.1**
Additions	0.1	0.1	0.2
Reversals of provisions used	(0.1)	(0.1)	(0.2)
Reversals of surplus provisions	-	(0.3)	(0.3)
JUNE 30, 2017	**0.5**	**0.3**	**0.8**

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

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

18 – Other non-current liabilities

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

19 – Related-party transactions

Related party transactions with associates and joint ventures are presented in note 13.3.

There have been no significant changes to related party transactions between December 31, 2016 and June 30, 2017.

20 – Commitments and contingencies

20.1 Commercial commitments

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

20.2 Guarantees

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

20.3 Collateral

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

20.4 Operating leases

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

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

20.5 Legal risks

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

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

At June 30, 2017,

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

21 – Subsequent events

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

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

22 – Seasonal fluctuations in business

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

23 – Main consolidated companies

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

Parent company	Chargeurs SA
A – MAIN FULLY CONSOLIDATED COMPANIES	
France	Chargeurs Boissy SARL – Chargeurs Textiles SAS – Chargeurs Entoilage SA
Germany	Chargeurs Deutschland GmbH – Leipziger Wollkämmerei AG
PROTECTIVE FILMS SEGMENT	
Holding company for the segment	**Chargeurs Films de Protection SA**
France	Novacel SA
Italy	Boston Tapes S.p.A. – Boston Tapes Commercial S.r.l. – Novacel Italia S.r.l.
Germany	Novacel GmbH
United Kingdom	Novacel UK Ltd
Spain	Novacel Iberica S.p.a
Belgium	SA Novacel Belgium N.V
North America	Chargeurs Protective Films Inc. – Novacel Inc. – Main Tape Inc. – T.L.C. Inc
Asia	Novacel Shanghai Co. Ltd. (China) – Novacel Korea Ltd. (South Korea)
FASHION TECHNOLOGIES SEGMENT	
Holding company for the segment	**Fitexin**
France	Lainière de Picardie BC SAS
Italy	Chargeurs Interfodere Italia
Germany	Lainière de Picardie Deutschland GmbH
United Kingdom	Chargeurs Interlining (UK) Ltd
Portugal	Chargeurs Entretelas (Iberica) Ltd
Romania	Lainière de Picardie Insertii S.r.l.
North America	Lainière de Picardie Inc.
South America	Lainière de Picardie Golaplast Brazil Textil Ltda – Entretelas Americanas SA – Lainière de Picardie DHJ Chile SA
Africa	Stroud Riley (Proprietary) Limited (South Africa) – ADT Chargeurs Entoilage Tunisie SARL (Tunisia)
Asia	Chargeurs Interlining (H.K.) Limited – LP (Wujiang) Textiles Co. Ltd – Lainière de Picardie Korea Co. Ltd – DHJ Interlining Limited – Etacol Bangladesh Ltd – Chargeurs Interlining Singapore PTE Ltd (Singapore) – Intissel Lanka PVT Ltd (Sri Lanka) - Intissel China Ltd (China)
TECHNICAL SUBSTRATES SEGMENT	
France	Senfa
LUXURY MATERIALS SEGMENT	
Holding company for the segment	**Chargeurs Wool Holding GmbH**
France	Chargeurs Wool (Eurasia) SAS
Italy	Chargeurs Wool Sales (Europe) S.r.l.
New Zealand	Chargeurs Wool (NZ) Limited
North America	Chargeurs Wool (USA) Inc.
B - MAIN COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD (LUXURY MATERIALS SEGMENT)	
North America	USA Wool (35%)
South America	Lanas Trinidad SA (50%) (Uruguay) - Chargeurs Wool (Argentina) SA (50%), and its subsidiary Peinaduria Rio Chubut (25%)
Asia-Pacific	Zhangjiagang Yangtse Wool Combing Co. Ltd (50%) and its subsidiary Yangtse (Australia) Pty Ltd

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

5.4.2. STATUTORY AUDITORS' REPORT ON THE FIRST HALF 2017 CONSOLIDATED FINANCIAL STATEMENTS

(Six-month period from January 1, 2017 through June 30, 2017)

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

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Chargeurs, for the six months ended June 30th, 2017;
- the verification of the information contained in the interim management report.

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

I - Conclusion on the financial statements

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

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

II - Specific verification

We have also verified the information provided in the interim management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris, September 6, 2017

The Statutory Auditors

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

5.5. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS IN 2016

Financial year ended December 31, 2016

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

To the Shareholders,

In our capacity as Statutory Auditors of Chargeurs S.A., we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of, and the reasons for, the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorized during the year

We were not informed of any agreement or commitment entered into during the year to be submitted for approval at the Annual General Meeting pursuant to the provisions of article L.225-38 of the French Commercial Code.

Agreements and commitments authorized after the year-end

We were informed of the following agreements and commitments, which have been authorized since the year-end by the Board of Directors.

Non-compete undertaking by Michaël Fribourg

Person concerned

Michaël Fribourg, Chairman and Chief Executive Officer of Chargeurs S.A.

Nature, purpose and conditions

On March 8, 2017, the Board of Directors approved a two-year non-compete agreement between Michaël Fribourg and Chargeurs S.A. to take effect in the event that his operational duties as Chairman or Chief Executive Officer are terminated. In exchange, Mr Fribourg shall be entitled to compensation in an amount equal to the aggregate gross compensation paid to him with respect to the last fiscal year, including directors' fees paid by Group companies and all variable compensation paid to him over the period.

Reason provided by the Company

Given his responsibilities, Mr Fribourg has access to confidential information about the Chargeurs Group, its businesses and its customers, whose disclosure to competitors, including if Mr Fribourg were take up a position with any such competitors, would have a serious adverse effect on the Group's interests.

Compensation for loss of office payable to Michaël Fribourg

Person concerned

Michaël Fribourg, Chairman and Chief Executive Officer of Chargeurs S.A.

Nature, purpose and conditions

On March 8, 2017, the Board of Directors approved the compensation due to Michaël Fribourg for loss of office for any reason other than resignation or dismissal for serious misconduct. The compensation shall correspond to the aggregate gross compensation paid to Mr Fribourg with respect to the last fiscal year, including directors' fees paid by Group companies and all variable compensation paid to him over the period.

Reason provided by the Company

In accordance with the recommendations of the Compensation Committee, the Board of Directors wished to define the compensation and benefits due to Mr Fribourg in the event of loss of office in accordance with market practices and current legislation.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

We were not informed of any agreement or commitment that had already been approved by the Annual General Meeting which remained in force during the year ended December 31, 2016.

Neuilly-sur-Seine and Paris, March 27, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	S&W Associés
Eric Bertier	Virginie Coniau

6 SHARE CAPITAL AND OWNERSHIP STRUCTURE

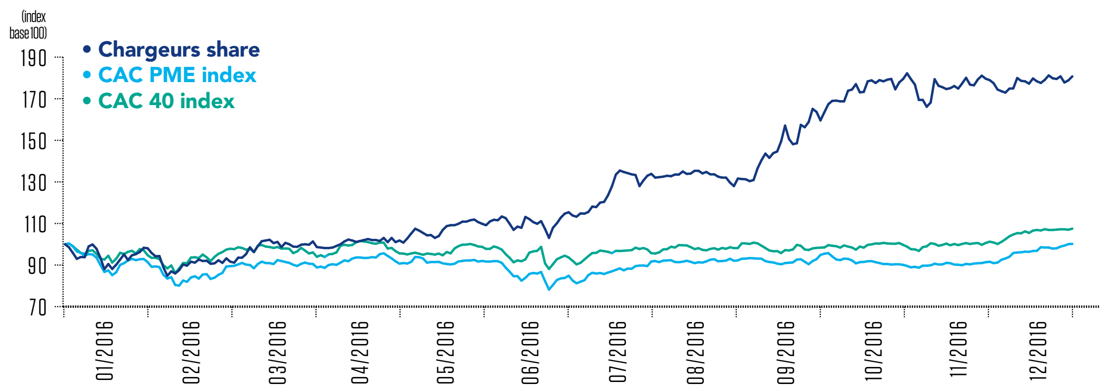
6.1. STOCK MARKET INFORMATION

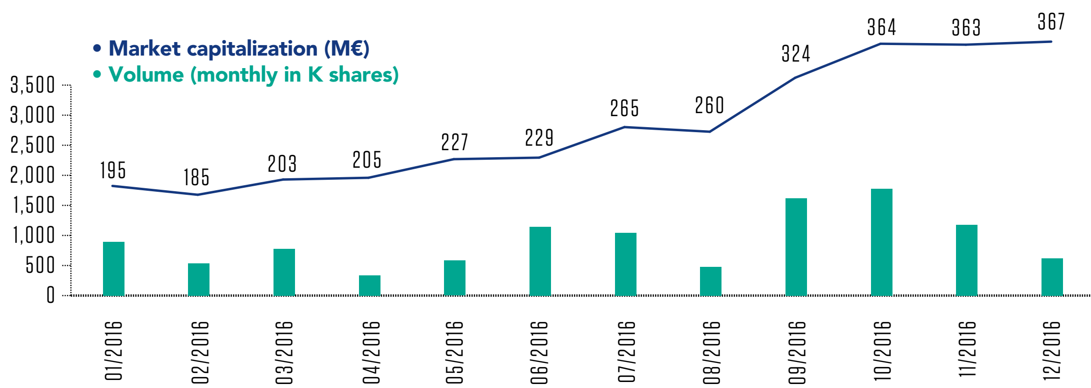
6.1.1. SHARE PERFORMANCE

Share performance in 2016

A gain of 80.7%

Chargeurs shares gained 80.7% between January 1 and December 31, 2016. This stock market performance acknowledges the quality of the Group's financial fundamentals and its operational excellence strategy.





6.1.2. SHARE INFORMATION

	2014	2015	2016
Price on December 31	€5.09	€9.00	€15.96
Number of shares outstanding *(in millions)*	€16.0	€23.0	€23.0
Interim dividend *(gross)*	€-	€-	€0.20
Final dividend *(gross)*	€0.20	€0.30	€0.35
Total dividend *(gross)*	€0.20	€0.30	€0.55
Attributable net profit *(€m)*	€10.8	€15.3	€25.0
Payout rate(1)	30%	45%	51%

(1) Based on net profit for the year concerned

6.1.3. 2017 FINANCIAL CALENDAR

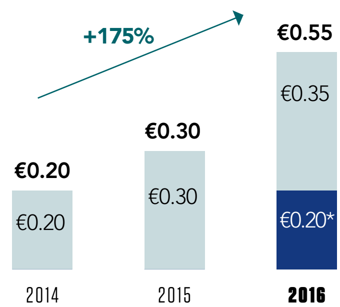
Thursday, March 9, 2017 *(before the start of trading)*	2016 annual results
Thursday, April 20, 2017 *(before the start of trading)*	First-quarter 2017 financial information
Thursday, April 20, 2017	Annual General Meeting
Thursday, September 7, 2017 *(before the start of trading)*	2017 interim results
Tuesday, November 14, 2017 *(after the close of trading)*	Third-quarter 2017 financial information

6.2. DIVIDENDS PAID

At its meeting held on March 8, 2017 under the chairmanship of Michaël Fribourg, the Board of Directors decided to recommend to shareholders at the April 20, 2017 Annual General Meeting payment of a 2016 dividend of €0.55 per share (including the €0.20 interim dividend paid in September 2016), an increase of 83% compared with the 2015 dividend of €0.30. The shareholders at the April 20, 2017 Annual General Meeting approved the resolution to pay this dividend.

In light of the faster pace of improvement in operating performance and the Group's stronger fundamentals, the Board of Directors wishes to reward Chargeurs' shareholders for their loyalty and long-term commitment.

DIVIDEND



* interim dividend

6.3. OWNERSHIP STRUCTURE

6.3.1. MOVEMENTS IN SHARE CAPITAL

	Number of convertible bonds	Number of shares	Share capital *(in euros)*
January 1, 2015	**218,069**	**16,021,311**	**2,563,409.76**
Conversion of bonds tendered in 2015	216,784	6,937,088	1,109,934.08
Convertible bonds redeemed at face value at maturity	1,285(1)	7,745	1,239.2
January 31, 2016(2)	-	**22,966,144**	**3,674,583.04(3)**
January 31, 2017	-	**22,966,144**	**3,674,583.04(3)**
October 31, 2017	-	23,330,597	3,732,895.52(3)

(1) 1,285 convertible bonds redeemed at face value (€55) plus a stock-based remuneration equal to 6.06 shares per bond.
(2) As of December 31, 2015, 22,958,399 shares were issued and outstanding.
(3) Par value: €0.16 per share.

At October 31, 2017, the Company's share capital amounted to €3,732,895.52, divided into 23,330,597 shares with a par value of €0.16 each.

Convertible bonds that matured in 2015

The Chargeurs convertible bonds issued in April 2010 matured on January 1, 2016. Of the 415,083 subordinated convertible bonds initially issued, with pre-emptive subscription rights for existing shareholders, each with a face value of €55, a total of 413,798 (i.e., 99.7% of all the bonds issued) were converted into shares. The 1,285 bonds that were not converted were redeemed. A total of 12,589,047 shares were created on conversion of bonds as part of the program, thereby increasing the number of shares making up Chargeurs' share capital to 22,966,144 on January 11, 2016.

2017 interim dividend payment

The Board of Directors of Chargeurs, which met on September 6, 2017, approved the payment of an interim dividend for 2017 of €0.25 per share – up 25% on the interim dividend paid in 2016. Pursuant to the fifth resolution of the April 20, 2017 Annual General Meeting, all shareholders had the option to reinvest the interim dividend paid on September 29, 2017 in new shares.

After applying the 5% discount determined in accordance with article L.232-19 of the French Commercial Code (*Code de commerce*) and the decision taken by the Board of Directors meeting on September 6, 2017, the price of new shares delivered as payment for the interim dividend has been set at €22.30, i.e., 95% of the average opening prices quoted for the Company's shares during the twenty trading days preceding the date of the Board of Directors' meeting, less the net amount of the outstanding interim dividend per share and rounded up to the nearest euro cent.
The period during which shareholders may opt to reinvest the dividend began on September 13, 2017 and ended on September 21, 2017. The operation resulted in the issue of 121,097 new Chargeurs ordinary shares, representing 0.5% of the capital and 0.5% of net voting rights as at August 31, 2017. The settlement/delivery and listing of the shares on Euronext Paris took effect on September 29, 2017. They were listed on a separate line from Chargeurs' ordinary shares under ISIN code FR0013282464. The new shares will carry dividend rights from January 1, 2018.

At the close of the operation on September 29, 2017, Chargeurs' share capital amounted to €3,732,895.52, divided into 23,330,597 ordinary shares with a par value of €0.16 each, all fully paid up and of the same category.

The total interim dividend paid in cash amounted to €3,059,624.50 and was paid on September 29, 2017.

Financial instruments with rights to Chargeurs shares

As at the date of this Registration Document, there were no financial instruments with rights to Chargeurs shares.

Stock market data

Market listing

Market: NYSE Euronext/Compartment B. ISIN: FR0000130692 – CRI. Indices: EnterNext© PEA-PME and CAC PME.

SRD: Eligible for deferred settlement in the long-only segment.

Ownership structure

Number of shares with double voting rights

At January 31, 2017, the total number of shares carrying double voting rights amounted to 96,412 out of a total of 23,049,222.

Trading in Chargeurs shares by management or members of the Board of Directors in 2016

Colombus Holding SAS, a member of the Board of Directors, acquired 150,000 Chargeurs SA shares on July 25, 2016.

6.3.2. FREE SHARE PLAN

On July 28, 2017, the Company set up a free share plan for selected Group employees. The details of this plan are set out in Chapter 4, section 4.5, "Compensation of directors and officers".

6.4. ADDITIONAL INFORMATION ABOUT THE COMPANY'S CAPITAL

6.4.1. BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

The Company's share capital and voting rights broke down as follows at October 6, 2017, January 31, 2017, January 31, 2016 and December 31, 2014:

The company does not have any clause in its bylaws waiving double voting rights for all fully-paid up shares registered in the name for the same holder for at least two consecutive years.

	October 6, 2017			January 31, 2017			January 31, 2016		
	Number of shares	% interest	% voting rights	Number of shares	% interest	% voting rights	Number of shares	% interest	% voting rights
Colombus Holding SAS	6,484,805	27.8%	27.8%	6,484,805	28.2%	28.1%	6,334,805	27.58%	27.29%
Sycomore Asset Management	1,755,507	7.5%	7.5%	1,324,026	5.8%	5.7%	1,372,966	5.98%	5.91%
Amundi	1,247,249	5.3%	5.3%	N/A	N/A	N/A	N/A	N/A	N/A
Quaero Capital SA	N/A	N/A	N/A	N/A	N/A	N/A	1,574,000	6.85%	6.78%
Treasury stocks	13,334	0.1%	0.1%	13,334	0.1%	0.0%	13,334	0.1%	0.0%
Other shareholders	13,829,702	59.4%	59.4%	15,143,979	65.9%(1)	66.2%	13,684,373	59.59%	60.02%
TOTAL	**23,330,597**	**100%**	**100%**	**22,966,144**	**100.0%**	**100.0%**	**22,966,144**	**100%**	**100%**

(1) o/w 23.5% held by private shareholders, 21.3% by international corporate shareholders and 21.1% by French corporate shareholders.

	December 31, 2014		
	Number of shares	% interest	% voting rights
Argos Investment Managers SA	1,219,000	7.61%	7.20%
Pathé	1,000,000	6.24%	5.90%
Sofi Emy	851,845	5.32%	9.17%
Ojej	41,000	0.26%	0.48%
Jérôme Seydoux	1,341	0.01%	0.02%
Eduardo Malone	1,163	0.01%	0.01%
Treasury stocks	13,334	0.01%	0%
Other shareholders	12,906,962	80.55%	77.22%
TOTAL	**16,021,311**	**100%**	**100%**

Information on Colombus Holding SAS

The company Columbus Holding, established by Michaël Fribourg, is 75%-held by leading French long-term institutional investors (CM-CIC Investissement, EFFI-INVEST II, BNP Paribas Développement, Harwanne of COVÉA group), and 25%-held by several French family offices. No shareholder has control over Colombus Holding as such control is defined in article L.233-3 of the French Commercial Code.

Disclosure of statutory and regulatory ownership thresholds crossed since January 31, 2017

By way of a letter received on September 8, 2017, Amundi SA, acting on behalf of funds it manages, disclosed that on September 7, 2017 it had raised its interest to above the threshold of 5% of the Company's share capital and voting rights and that at that date it held, on behalf of said funds, 1,171,243 Chargeurs shares, representing the same number of voting rights, i.e. 5.05% of the capital and 5.03% of the voting rights.

As far as Chargeurs is aware, as at the date of this Registration Document, there were no shareholders other than Amundi and those shown in the table above, that owned more than 5% of the Company's capital or voting rights.

Liquidity contract:

On March 29, 2016 Chargeurs signed a 12-month automatically renewable liquidity contract with Rothschild & Banque. A total of €2,600,000 has been allocated to the liquidity account for the implementation of this contract, which complies with the AMAFI code of ethics approved by the AMF on March 21, 2011.

6.4.2. SHARE BUYBACK PROGRAM

In view of its excellent showing in first-half 2017 and the confidence it has in its performance for full-year 2017, Chargeurs has decided to launch a share buyback program. On September 8, 2017, the Group appointed investment services provider, Rothschild Martin Maurel, to carry out the program. This provider will be authorized to purchase Chargeurs shares (depending on market conditions) for up to €12 million at a maximum price of €30 per share.

The program, which will run until September 7, 2018, at the latest falls within the scope of the fourteenth resolution of the April 20, 2017 Annual General Meeting, whereby the shareholders:

- Granted the Board of Directors an authorization, which it may delegate, to purchase up to 2,296,614 Chargeurs shares. The shares may be purchased in one or more transactions at any time, as determined by the Board (except while a public offer for the Company's shares is in progress). Under no circumstances may these purchases lead to the Company holding over 10 % of its capital.
- Resolved that the shares may be bought back and held in accordance with the applicable laws and regulations for the following purposes:
  - to ensure the liquidity of Chargeurs' shares or to make a market in the shares through an investment service provider acting independently under a liquidity contract that complies with a code of ethics approved by France's securities regulator (the Autorité des Marchés Financiers);
  - to hold shares for future delivery in payment or exchange for the securities of other companies, in cash, stock-for-stock or capital contribution transactions conducted as part of the Company's external growth strategy, within the limits set by the applicable regulations;
  - to reduce the Company's capital by canceling the acquired shares;
  - to hold shares for delivery or exchange on exercise of rights attached to securities convertible, redeemable, exchangeable or otherwise exercisable for Chargeurs shares;
  - for allocation under stock option plans set up by the Company and governed by articles L. 225-177 et seq. of the French Commercial Code or any similar plan;
  - for allocation or sale to employees in connection with employee profit-sharing plans or any employee savings plan set up at Company or Group level (or any similar plan) in accordance with the applicable laws, especially articles L. 3332-1 et seq. of the French Labor Code;
  - for allocation under free share or performance share plans governed by articles L. 225-197-1 et seq. of the French Commercial Code; and/or
  - for the implementation of any accepted market practice or any market practice that may be authorized in the future under the applicable laws or by the Autorité des Marchés Financiers.
- Resolved that the shares may be bought back, sold or transferred at any time (except while a public offer for the Company's shares is in progress) and by any method within the limits allowed under the applicable regulations, in on- or off-market transactions, including through block purchases or sales, or through the use of options or derivatives traded on a regulated market or over-the-counter, including call options.
- Set the maximum purchase price at €30 per share, which may be adjusted by the Board of Directors if appropriate to take into account the effect of any corporate actions. The maximum amount that may be invested in the buyback program will therefore be €68,898,420.
- Gave the Board of Directors full powers to use this authorization, directly or through a legally authorized representative, to place any and all buy and sell orders on all markets or carry out any and all off-market transactions, enter into all agreements, prepare all documents, carry out all filing and other formalities with all authorities and organizations, allocate or re-allocate the purchased shares to the various purposes in compliance with the applicable laws and regulations, and generally do everything necessary for implementing the decisions made by the Board pursuant to this authorization.
- Resolved that this authorization is given for a period of eighteen months from the date of this Meeting and supersedes the unused portion of any previous authorization given by shareholders for the same purpose.

Treasury shares

At December 31, 2016, 2015 and 2014 the Company held 13,334 shares in treasury, representing an aggregate purchase price of €230,851.35, i.e. an average per-share purchase price of €17.31.

6.4.3. FINANCIAL AUTHORIZATIONS

SUMMARY OF AUTHORIZATIONS CURRENTLY IN FORCE TO CARRY OUT CORPORATE ACTIONS

Transactions/ securities concerned	Duration of the authorization from the date of this Meeting and expiration date	Ceiling	Authorization utilized in 2016	Authorization utilized in 2017	Method for determining the price of shares issued
Share buyback program (14th resolution of the April 20, 2017 AGM)	18 months October 20, 2018	€30 per share, maximum investment: €2,296,614 (par value). The Company may not hold more than 10 % of its capital	Not utilized[1]	Not utilized	N/A
Issues with pre-emptive subscription rights Issue of all types of securities, paid up in cash or by capitalizing additional paid-in capital, reserves, profits or other eligible items (5th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	€900,000 (par value) for shares and €100 million for debt securities (with issues deducted from the blanket ceiling of €1.5 million) ("the Blanket Ceiling")	Not utilized	Not utilized	The Board of Directors is responsible for setting the amounts, features, terms and conditions for each issue, including the price of the securities to be issued.
Issues without pre-emptive subscription rights Issues of all types of securities through public offerings (6th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	€350,000 (par value) (with issues deducted from the Blanket Ceiling)	Not utilized	Not utilized	(i) New shares to be issued would be priced at an amount at least equal to the minimum price specified in the regulations applicable when the issue is decided (i.e., currently, the weighted average price quoted on Euronext Paris over the three trading days preceding the pricing date, less a maximum discount of 5%, as specified in articles L.225-136-1, paragraph 1 and R.225-119 of the French Commercial Code), as adjusted where necessary for the difference in cum rights dates. (ii) issues of securities with rights to Chargeurs shares will be priced so that the amount received immediately by the Company plus the amount to be received in the future, if any, for each share issued as a result of the exercise of rights to shares, is at least equal to the issue price defined in the above paragraph, as adjusted if necessary for the difference in cum rights dates. The Board of Directors is authorized to set the amounts, features, terms and conditions for each issue, including the price of the securities to be issued.

Greenshoe option (8th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	Up to 15% increase in securities issued with or without pre-emptive subscription rights (with the additional securities deducted from the ceiling set in the relevant resolution and from the Blanket Ceiling)	Not utilized	Not utilized	For the issues carried out pursuant to the fifth and sixth resolutions, the Board of Directors may increase the number of securities and issue them at the same price as for the initial offer.
Issues of securities in payment for the shares of other companies tendered to a public exchange offer initiated by the Company (10th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	€900,000 (par value) (with issues deducted from the Blanket Ceiling)	Not utilized	Not utilized	The Board of Directors is authorized to set the amounts, features and issuance terms and conditions of the securities to be issued in payment for those tendered to the Company, including the issue price.
Issues of securities in payment for the shares or other securities of other companies contributed to the Company (11th resolution of the March 14, 2016 AGM)	26 months May 13, 2018	10% of the share capital on the issue date (with issues deducted from the Blanket Ceiling)	Not utilized	Not utilized	The Board of Directors is authorized to set the amounts, features and issuance terms and conditions of the securities to be issued in payment for the shares or other securities of other companies contributed to the Company, including the issue price.
Free shares granted to beneficiaries selected from among employees and executives, with a waiver of shareholders' pre-emptive subscription rights (20th resolution of the April 20, 2017 AGM)	26 months June 20, 2019	1% of the Company's share capital as at the April 20, 2017 AGM	Not utilized (2)	Authorization utilized by the Board of Directors on July 20, 2017 to grant 31,400 shares, i.e., 0.14% of the share capital, to key executive personnel, excluding the Chairman and CEO.	N/A
Employee rights issue (15th resolution of the April 20, 2017 AGM)	26 months June 20, 2019	€100,000 (par value) (with issues deducted from the Blanket Ceiling)	Not utilized	Not utilized	The Board of Directors is authorized to set the issue price of the new shares pursuant to article L.3332-19 of the French Labor Code. The shares could not be offered at a price that is greater than the average (as calculated in accordance with article L.3332-19 of the French Labor Code) of the prices quoted for Chargeurs shares over the twenty trading days preceding the date of the decision setting the opening date of the subscription period, nor could they be offered at a discount of more than 20% of this average. The Board of Directors is authorized to reduce or eliminate said discount, if appropriate, in particular due to differences in foreign laws, regulations and tax rules.
Cancellation of shares held in treasury (15th resolution of the April 20, 2017 AGM)	26 months June 20, 2019	10% of the share capital per 24-month period.	Not utilized	Not utilized	N/A

(1) See Chapter 6, section 6.4.2 of this Registration Document for a description of the share buyback program launched during the second half of 2017.
(2) See Chapter 4, section 4.5 of this Registration Document for a description of the implementation of the free share plan launched during the second half of 2017.

6.4.4. ITEMS THAT COULD HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER

None of the items mentioned in article L. 225-100-3 of the French Commercial Code would have an impact in the event of a public tender offer, except for the following:

- the Company's capital structure, as described in the Report of the Board of Directors presented at the Annual General Meeting and published on Chargeurs' website;
- direct or indirect investments in the Company's shares of which Chargeurs is notified pursuant to articles L. 233-7 and L. 233-12 of the French Commercial Code, and which are discussed in the Report of the Board of Directors presented at the Annual General Meeting and published on Chargeurs' website;
- the rules governing the election or replacement of Board members and changes to the Company's bylaws, referred to in articles 9, 10 and 21 of the bylaws;
- the powers of the members of the Board of Directors, defined in article 13 of the bylaws;
- following the adoption of a number of resolutions by shareholders at the March 14, 2016 and April 20, 2017 Annual General Meetings, the Board of Directors has been authorized to issue and buy back Chargeurs shares. A list of these authorizations is set out in section 6.4.3 of the Registration Document.

6.4.5. OTHER INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL

Change of control

To the best of the Company's knowledge, as at the date of this Registration Document, there were no shareholder agreements or other agreements in place whose implementation could lead to a change of control of Chargeurs at a subsequent date.

Options over the share capital of any Group member or conditional or unconditional agreements to put the share capital of any Group member under option

As at the date of this Registration Document, no share capital of any Group member was under option or agreed conditionally or unconditionally to be put under option.

Disclosure thresholds (extract from article 6 of the Company's bylaws)

"In addition to the applicable legal disclosure thresholds, any individual or legal entity (including any accredited intermediary representing non-resident shareholders), acting either alone or in concert, that either directly or indirectly comes to hold or ceases to hold, by whatever means, a number of shares representing 2% of the share capital or voting rights or any multiple thereof, must inform the company of the number of shares and voting rights held, as well as the number of shares and voting rights deemed to be held by that individual or legal entity for disclosure purposes in accordance with Article L. 233-9 of the French Commercial Code. Said notice must be sent to the registered office of the company by registered letter with return receipt requested (or an equivalent method for non-resident shareholders) within five trading days of the relevant disclosure threshold being crossed.

Shareholders that have crossed a disclosure threshold are also required to inform the company of the number of securities held that carry a deferred right to shares and of the number of voting rights attached to said securities.

Failure to comply with these requirements shall result in the undisclosed shares being stripped of voting rights at General Meetings at the request of one or more shareholders separately or together owning at least 2% of the share capital or voting rights and provided the failure to disclose is noted in the minutes of a General Meeting. Similarly, any voting rights that have not been duly disclosed may not be exercised. Any such voting disqualification shall apply to all General Meetings held during a period of two years commencing on the date on which the failure to disclose is remedied."

Appropriation and distribution of profit (article 26 of the Company's bylaws)

"At least 5% of profit for the year, less any prior year losses, is allocated to the legal reserve, until such time as the legal reserve represents one tenth of the share capital.
Profit available for distribution corresponds to profit for the year, less any losses brought forward from prior years and any amounts appropriated to reserves in compliance with the law and these bylaws, plus any retained earnings.
The General Meeting may decide to carry forward all or part of the amount to the following year, or to appropriate all or part of the amount to reserves.
Any remaining amount of profit available for distribution is paid out to shareholders in the form of dividends.
The General Meeting may also decide to pay dividends to shareholders out of distributable reserves."

Payment of interest and dividends (article 27 of the Company's bylaws)

"The method of paying interest and dividends shall be determined by a vote at the General Meeting or, failing that, by the Board of Directors.
At the General Meeting, shareholders may be granted the option of receiving all or part of their dividend or interim dividend in the form of shares. Any request by a shareholder for the payment of a dividend in shares must be made within the time period set at the General Meeting, which may not exceed three months following said meeting. This time period may be suspended by the Board of Directors for a period not exceeding three months, subject to the applicable laws and regulations."

7 ADDITIONAL INFORMATION

7.1. RELATIONSHIPS BETWEEN CHARGEURS AND ITS SUBSIDIARIES

7.1.1. ORGANIZATIONAL STRUCTURE AS OF DECEMBER 31, 2016

Tables of subsidiaries and affiliates at December 31, 2016 and at June 30, 2017 are presented in note 25 to the 2016 consolidated financial statements and in note 23 to the first-half 2017 consolidated financial statements, respectively.

There is no difference between the percentage of interest in share capital and voting rights for the Group's subsidiaries, with the exception of Chargeurs SA.

Information concerning the Group's major shareholders is provided in section 6.4 of this Registration Document.

7.1.2. ROLE OF THE CHARGEURS PARENT COMPANY IN THE GROUP

The Chargeurs parent company acts as a holding company for the Group's companies, by:

- holding shares in the Group's main subsidiaries;
- managing central functions: the Group's business strategy, marketing strategy, financial and legal policy, control of operations, human resources policy, and communications;
- providing specialized assistance (legal, tax and financial expertise) to the subsidiaries, which pay a fee in return for these services;
- managing treasury and financing and setting up any guarantees.

7.1.3. FINANCIAL FLOWS BETWEEN THE CHARGEURS PARENT COMPANY AND ITS SUBSIDIARIES

The Chargeurs parent company receives dividends from its subsidiaries, as approved by the subsidiaries' respective Annual General Meetings and subject to the locally applicable laws and regulations. Aside from the dividends and the fee for shared services paid by the subsidiaries, the main financial flows between the Chargeurs parent company and its subsidiaries are in relation to cash pooling.

7.2. MAIN LEGAL CHARACTERISTICS

7.2.1. COMPANY NAME

The Company's name is Chargeurs.

7.2.2. REGISTERED OFFICE, REGULATORY FRAMEWORK, LEGAL FORM

Chargeurs is a joint-stock corporation (*société anonyme*) governed by French law, with a Board of Directors.

Its registered office is located at 112, avenue Kléber, 75016 Paris, France. The telephone number of the Company's registered office is +33 (0) 1 47 04 13 40.

The Board of Directors may decide to transfer the registered office to another location within Paris or a neighboring *département*, subject to ratification by shareholders at the next Ordinary General Meeting. The transfer of the registered office to any other location shall be subject to a decision by shareholders at an Extraordinary General Meeting.

7.2.3. CORPORATE PURPOSE (ARTICLE 2 OF THE BYLAWS)

"The company has as its purpose, in all countries and in all its forms:

- Any and all trade and non-trade transactions concerning manufacturing or commercial activities, notably those related to the textile industry, the production of protective films and transportation.
- Any and all transactions of a manufacturing, commercial and financial nature or involving moveable assets or real estate (i) related directly or indirectly to the above purpose or any similar, complementary or related purpose or any activities that contribute to the achievement and pursuit thereof, or (ii) related to company assets, including using or selling any discoveries, processes, expertise, original works or industrial and intellectual property rights, and using all types of cash and cash equivalents in the form of securities or loans, credit facilities, advances or any other form authorized by law.

The company may perform such transactions by any method and in any form, directly or indirectly, for itself or on behalf of third parties, either alone or with third parties, by creating new companies, contributing assets or funds, acquiring shares in existing companies, merging companies, setting up business leases, entering into partnerships and selling or leasing assets."

7.2.4. FISCAL YEAR

Chargeurs' fiscal year begins on January 1 and ends on December 31.

7.2.5. DATE OF INCORPORATION AND TERM

The Company was incorporated under the name Chargetex 1 on March 11, 1993 and was renamed Chargeurs on May 7, 1997.

The term of the Company has been set at ninety-nine years from the date of registration with the Trade and Companies Registry, unless said term is extended or the Company is wound up in advance of its term.

7.2.6. REGISTRATION PARTICULARS

The Company is registered with the Paris Trade and Companies Registry under number 390 474 898.

Its business identifier code is 7010Z.

7.2.7. RIGHTS ATTACHED TO SHARES (ARTICLE 7 OF THE COMPANY'S BYLAWS)

"Each share shall give rise to ownership of the company assets and a share of the profits in proportion to the number of shares issued. Each share shall also confer the right, whether during the term of the company or upon liquidation, to payment of an equivalent net amount for any distribution or redemption, such that, where applicable, all shares, without distinction for any tax exemption or taxes to which this disbursement or redemption may give rise, shall be considered as a whole."

7.2.8. DOUBLE VOTING RIGHTS (EXTRACT FROM ARTICLE 19 OF THE BYLAWS)

"Each member of the General Meeting shall have a number of votes corresponding to the number of shares held or represented by proxy, subject to any limitations laid down by the applicable laws and regulations and in particular by the provisions of Articles L. 225-10, L. 233-29, L. 233-30 and L. 233-31 of the French Commercial Code.

However, all fully paid-up shares registered in the name of the same holder for at least two years as at the date of the General Meeting shall carry double voting rights relative to the percentage of the share capital that they represent, in accordance with the provisions of the first paragraph of Article L. 225-123 of the French Commercial Code. The same right may be granted in the case provided for in the second paragraph of said Article. The foregoing shall be subject to compliance with the provisions of Article L. 225-124 of the French Commercial Code."

7.2.9. GENERAL MEETINGS (ARTICLE 17 OF THE BYLAWS)

"A validly constituted General Meeting shall represent all of the shareholders of the company. The decisions made at General Meetings in accordance with the law and these bylaws shall be binding on all shareholders, including any who are absent, dissenting or incapable of voting.

All shareholders shall be entitled to participate in General Meetings, regardless of the number of shares they hold.

An Ordinary General Meeting must be held at least once a year, within six months of the end of the financial year, unless this timeframe is extended by a court of law.

Additional General Meetings – either Ordinary or Extraordinary depending on the tabled resolutions – may be held at any time during the year.

General Meetings shall be called by the method and within the timeframe provided by the law.

They are held at the registered office or any other venue specified in the Notice of Meeting.

The Board may decide to issue admission cards, in the form of its choice, to eligible persons in their name and for their use only."

7.2.10. CHANGES IN THE COMPANY'S SHARE CAPITAL AND RIGHTS ATTACHED TO SHARES

Any changes in the Company's share capital or in the voting rights attached to the shares making up the capital are subject to the applicable laws and regulations as the bylaws do not contain any specific provisions relating thereto.

7.3. PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

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

I have received a letter from the Statutory Auditors confirming that they have verified the information about the Company's financial position and financial statements provided in this Registration Document and that they have read it in its entirety. "

Paris, January 09, 2018
Michaël Fribourg,
Chairman and Chief Executive Officer

7.4. DOCUMENTS ON DISPLAY

Copies of this Registration Document are available, free of charge, at the Company's registered office located at 112, avenue Kléber, 75116 Paris, France.

This Registration Document may also be viewed on the Company's website and on the AMF's website (*www.amf-france.org*).

The Board of Directors' Rules of Procedure, the Company's bylaws, and the resolutions and minutes of General Meetings and other corporate documents, as well as historic financial information and any valuations or statements issued by a valuer at the Company's request that must be made available to shareholders in accordance with the applicable laws and regulations, may be viewed, free of charge, at the Company's registered office.

In addition, regulatory information disclosed in accordance with the requirements of the AMF's General Regulations is available on the Company's website (*http://www.chargeurs.fr/*).

7.5. STATUTORY AUDITORS

STATUTORY AUDITORS

PricewaterhouseCoopers Audit, represented by Eric Bertier - 63, rue de Villiers – 92208 Neuilly-sur-Seine – France

- Member of Compagnie Régionale des Commissaires aux Comptes de Versailles.
- Term renewed at the April 20, 2017 Annual General Meeting until the close of the Annual General Meeting to be held in 2023.

HAF Audit & Conseil, member of Crowe Howarth International, represented by Marc de Prémare – 15 rue de la Baume – 75008 Paris, France.

- Member of Compagnie Régionale des Commissaires aux Comptes de Paris.
- Appointed at the April 20, 2017 Annual General Meeting to replace S&W Associés S.A (Statutory Auditor for the fiscal years ending December 31, 2014, 2015 and 2016).

The Company no longer has any substitute auditors, following the decision at the April 20, 2017 Annual General Meeting not to renew their term.

7.6. CROSS-REFERENCE TABLES

7.6.1. CROSS-REFERENCE TABLE FOR THE KEY INFORMATION REQUIRED UNDER ANNEX I OF EUROPEAN COMMISSION REGULATION 809/2004

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