CHARGEURS

# *Interim Financial Report 2013*

CONTENT

CHARGEURS

# 2012 Interim Activity Report

## Chargeurs confirms its full-year target of doubling operating profit and reducing debt by a very substantial amount

The Board of Directors of Chargeurs met on August 28, 2013 under the chairmanship of Eduardo Malone to approve the consolidated financial statements for the six months ended June 30, 2013.

| (in € millions) | First-Half 2013 | First-Half 2012 (reported) | First-Half 2012 (pro forma IAS 19R) |
|---|---|---|---|
| Revenue | 240.0 | 283.1 | 283.1 |
| Operating profit | 9.0 | 8.1 | 8.5 |
| Attributable net profit | 3.2 | 1.2 | 1.4 |

Consolidated revenue for the first half of 2013 decreased by 15.2% as reported and by a limited 8.2% at constant scope of consolidation.

Operating profit improved to €9 million for the period.

Net profit rose to €3.2 million.

### ANALYSIS BY BUSINESS SEGMENT

### CHARGEURS PROTECTIVE FILMS

| (in € millions) | First-Half 2013 | First-Half 2012 (reported) | First-Half 2012 (pro forma IAS 19R) |
|---|---|---|---|
| Revenue | 96.0 | 91.8 | 91.8 |
| Operating profit | 5.1 | 4.6 | 5.0 |

Chargeurs Protective Films' revenue increased by 4.6% over the period, led by growth in volumes.

### CHARGEURS INTERLINING

| (in € millions) | First-Half 2013 | First-Half 2012 (reported) | First-Half 2012 (pro forma IAS 19R) |
|---|---|---|---|
| Revenue | 89.5 | 91.3 | 91.3 |
| Operating profit | 3.2 | 3.4 | 3.5 |

The slight dip in Chargeurs Interlining's revenue is mainly due to foreign currency effect.

## CHARGEURS WOOL

| | First Half | | | First Half 2012 (pro forma IAS 19R) |
|---|---|---|---|---|
| (in € millions) | 2013 | 2012 (reported) | | |
| Revenue | 54.5 | 100.0 | | 100.0 |
| Operating profit | 1.4 | 3.1 | | 3.1 |

Revenue from Chargeurs Wool contracted by 45% in first-half 2013, with 22% due to the impact on the scope of consolidation of the disposals carried out in South America in 2012, 17% to lower volumes and 6% to soft raw wool prices.

Operating profit also declined, mainly reflecting the decrease in consolidation scope for €1.3 million and a negative currency effect for €0.6 million.

## FINANCIAL POSITION

Equity excluding minority interests amounted to €165.8 million at June 30, 2013. The adoption as from January 1, 2013 of IAS 19R – Employee Benefits had the effect of reducing equity by €4 million.

Chargeurs continued to give priority to paying down debt. Net debt was reduced by half to €16.7 million, from €32.8 million at December 31, 2012, driving down gearing to 10.1% at June 30, 2013 compared with 20.2% at December 31, 2012.

Of the 415,083 Chargeurs convertible bonds issued for €22.8 million in April 2010, 299,552 were outstanding as of June 30, 2013.

## SUBSEQUENT EVENTS

Chargeurs Interlining has signed an agreement to sell its 49% interest in Ningbo Yak Bertero Textile to its Chinese partner Ningbo Yak Technology Industrial, for an amount of €2.5 million.

In addition, Chargeurs is on the verge of signing a partnership agreement with a local entrepreneur that will lead to the sale of 26.4% of its wool combing operations in Zhangjiagang. The deal is expected to close following regulatory approval from the Chinese authorities. The disposal will complete Chargeurs Wool's transformation into a services business with a global sales network and a minimum number of industrial assets held through partnerships.

## OUTLOOK FOR 2013

On the basis of its performance to date and currently available financial indicators, Chargeurs confirms its previously announced full-year targets:
- Consolidated revenue of around €460 million.
- Operating profit of at least €14 million, compared with €7 million in 2012.
- A further very significant reduction in net debt.

August 29, 2013

**Financial Calendar:** Financial Information – Third Quarter 2013: November 15, 2013

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*About Chargeurs*

*Chargeurs is a global, diversified group with leadership positions in niche markets, both in manufacturing and in services. Generating 94% of its revenue outside France, Chargeurs operates in three business segments: temporary surface protection, through* ***Chargeurs Protective Films****; technical textiles, through* ***Chargeurs Interlining****; and topmaking and combed wool sales, through* ***Chargeurs Wool****. With more than 1,800 employees, the Group has operations in 33 countries on five continents.*

CHARGEURS

**CHARGEURS**

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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

—

***First-half 2013***

—

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

| Assets | Note | June 30, 2013 | December 31, 2012 (a) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 43.7 | 47.5 |
| Intangible assets | 6 | 70.3 | 69.9 |
| Investments in associates and joint ventures | | 22.3 | 24.6 |
| Deferred tax assets | 8 | 12.3 | 12.2 |
| Non-current financial assets | | | |
| - Investments in non-consolidated companies | | 1.2 | 1.3 |
| - Long-term loans and receivables | 9 | 1.7 | 6.3 |
| Derivative instruments | 10 | - | - |
| Other non-current assets | | 0.8 | 0.8 |
| | | **152.3** | **162.6** |
| **Current assets** | | | |
| Inventories and work-in-progress | 11 | 101.3 | 113.7 |
| Trade receivables | 12 | 48.5 | 44.0 |
| *Factored receivables (*)* | | 56.0 | 52.5 |
| Derivative instruments | 10 | 0.1 | 0.8 |
| Other receivables | 13 | 33.3 | 28.5 |
| Cash and cash equivalents | 14 | 43.6 | 50.6 |
| | | **282.8** | **290.1** |
| **Assets held for sale** | 15 | 5.2 | 1.8 |
| **Total assets** | | **440.3** | **454.5** |

| Equity and liabilities | Note | June 30, 2013 | December 31, 2012 (a) |
|---|---|---|---|
| **Equity** | | | |
| ***Attributable to owners of the parent*** | | | |
| Share capital | 16 | 2.2 | 2.2 |
| Share premium account | 16 | 38.1 | 38.1 |
| Other reserves and retained earnings | 16 | 115.4 | 130.4 |
| Profit/(loss) for the period | | 3.2 | (14.9) |
| Treasury stock | | (0.2) | (1.2) |
| Translation reserve | | 7.1 | 8.0 |
| | | **165.8** | **162.6** |
| ***Non-controlling interests*** | | 6.4 | **6.6** |
| **Total equity** | | **172.2** | **169.2** |
| **Non-current liabilities** | | | |
| Convertible bonds | 17 | 14.1 | 13.6 |
| Long-term borrowings | 18 | 16.0 | 18.9 |
| Deferred tax liabilities | 8 | 0.1 | 0.3 |
| Pension and other long-term employee benefit obligations | 19 | 13.8 | 14.6 |
| Provisions | 20 | 0.6 | 0.4 |
| Other non-current liabilities | 21 | 10.1 | 10.3 |
| | | **54.7** | **58.1** |
| **Current liabilities** | | | |
| Trade payables | | 78.5 | 75.5 |
| Other payables | 21 | 32.2 | 32.6 |
| *Factoring liabilities (*)* | | 56.0 | 52.5 |
| Current income tax liability | | 0.4 | 0.3 |
| Derivative instruments | 10 | 0.8 | 0.7 |
| Short-term portion of long-term borrowings | 18 | 20.5 | 39.5 |
| Short-term bank loans and overdrafts | 18 | 23.8 | 25.0 |
| | | **212.2** | **226.1** |
| **Liabilities related to assets held for sale** | 15 | **1.2** | **1.1** |
| **Total equity and liabilities** | | **440.3** | **454.5** |

*(*) Receivables for which title has been transferred (see note 3.2)*
*(a) The 2012 financial statements have been restated to reflect the impact of applying IAS 19R (see note 19).*

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

## Consolidated Income Statement *(in euro millions)*

| | Note | First-half 2013 | First-half 2012 (a) |
|---|---|---|---|
| **Revenue** | | **240.0** | **283.1** |
| Cost of sales | | (190.2) | (226.4) |
| **Gross profit** | | **49.8** | **56.7** |
| Distribution costs | | (24.7) | (28.8) |
| Administrative expenses | | (15.8) | (17.7) |
| Research and development costs | | (1.8) | (1.9) |
| Other operating income | 23 | 2.4 | 2.1 |
| Other operating expense | 23 | (0.9) | (1.9) |
| **Operating profit** | | **9.0** | **8.5** |
| Finance costs, net | | (2.0) | (3.6) |
| Other financial expense | | (2.4) | (1.5) |
| Other financial income | | 0.2 | - |
| **Finance costs and other financial income and expense, net** | 24 | **(4.2)** | **(5.1)** |
| Share of profit of associates | | 0.2 | 0.1 |
| **Pre-tax profit for the period** | | **5.0** | **3.5** |
| Income tax expense | 25 | (1.8) | (1.6) |
| **Profit from continuing operations** | | **3.2** | **1.9** |
| Profit/(loss) from discontinued operations | | (0.2) | (0.5) |
| **Profit for the period** | | **3.0** | **1.4** |
| **Attributable to:** | | | |
| Owners of the parent | | 3.2 | 1.4 |
| Non-controlling interests | | (0.2) | - |
| **Earnings per share (in euros)** | | | |
| Basic earnings per share | | 0.24 | 0.14 |
| Diluted earnings per share | | 0.17 | 0.11 |
| Weighted average number of shares outstanding | | 13,479,034 | 13,139,377 |

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

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

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

| | First-half 2013 | First-half 2012 (a) |
|---|---|---|
| **Profit for the period** | **3.0** | **1.4** |
| Exchange differences on translating foreign operations | (0.9) | 4.8 |
| Available-for-sale financial assets | | |
| - Fair value adjustments for the period recognized in equity | - | - |
| - Cumulative fair value adjustments reclassified to profit | - | - |
| Cash flow hedges | | |
| - Fair value adjustments for the period recognized in equity | - | 0.1 |
| - Cumulative fair value adjustments reclassified to profit | - | - |
| Share of other comprehensive income of associates | - | - |
| Income tax relating to items that may be reclassified | - | - |
| **Total items that may be reclassified subsequently to profit or loss** | **(0.9)** | **4.9** |
| Actuarial gains and losses on post-employment benefit obligations | 0.8 | - |
| Other items of other comprehensive income/(expense) | (0.2) | (0.1) |
| Income tax relating to items that will not be reclassified | - | - |
| **Total items that will not be reclassified to profit or loss** | **0.6** | **(0.1)** |
| **Other comprehensive income/(expense) for the period, net of tax** | **(0.3)** | **4.8** |
| **Total comprehensive income for the period** | **2.7** | **6.2** |
| **Attributable to:** | | |
| Owners of the parent | 2.9 | 6.0 |
| Non-controlling interests | (0.2) | 0.2 |

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

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

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

| | | First-half 2013 | | First-half 2012 (a) |
|---|---|---|---|---|
| ***Cash flows from operating activities*** | | | | |
| Pre-tax profit of consolidated companies | | 4.8 | | 3.4 |
| Adjustments to reconcile pre-tax profit to cash generated from operations | | 4.5 | | 4.6 |
| *- Depreciation and amortization expense* | *4.9* | | *5.5* | |
| *- Provisions and pension and other long-term employee benefit obligations* | *(1.0)* | | *(1.1)* | |
| *- Impairment of non-current assets* | - | | - | |
| *- Fair value adjustments* | *0.2* | | *(0.7)* | |
| *- Impact of discounting* | *0.7* | | *0.6* | |
| *- Gains on disposal of investments in non-consolidated companies and other non-current assets* | *(0.1)* | | *(1.3)* | |
| *- Exchange gains and losses on receivables and payables denominated in foreign currencies* | *(0.2)* | | *1.6* | |
| *- Other adjustments* | - | | - | |
| Income tax paid | | (1.8) | | (2.1) |
| **Cash generated by operations** | | **7.5** | | **5.9** |
| Dividends from equity-accounted companies | | 0.3 | | 0.9 |
| Change in operating working capital | | 5.7 | | 6.0 |
| **Net cash from operating activities** | | **13.5** | | **12.8** |
| ***Cash flows from investing activities*** | | | | |
| Purchases of subsidiaries, net of cash acquired | | - | | - |
| Proceeds from disposals of subsidiaries | | - | | - |
| Purchases of property, plant and equipment | | (2.9) | | (3.1) |
| Proceeds from sales of property, plant and equipment | | 2.6 | | 3.1 |
| Purchases of intangible assets | | (0.2) | | (0.1) |
| Proceeds from sales of intangible assets | | 0.1 | | - |
| Purchases of non-current financial assets | | - | | - |
| Proceeds from sales of non-current financial assets | | - | | - |
| Other movements | | - | | - |
| **Net cash used by investing activities** | | **(0.4)** | | **(0.1)** |
| ***Cash flows from financing activities*** | | | | |
| Proceeds from issues of shares on conversion of bonds | | - | | 0.7 |
| (Purchases)/sales of treasury stock | | 0.3 | | - |
| Proceeds from bond issues | | - | | - |
| Proceeds from new borrowings | | 5.6 | | 0.8 |
| Conversion of bonds | | - | | (0.7) |
| Repayment of long and short-term borrowings | | (29.0) | | (16.2) |
| Dividends paid to owners of the parent | | - | | - |
| Other movements * | | 3.1 | | - |
| **Net cash used by financing activities** | | **(20.0)** | | **(15.4)** |
| **(Decrease)/increase in cash and cash equivalents** | | **(6.9)** | | **(2.7)** |
| Cash and cash equivalents at beginning of period | | 50.6 | | 69.5 |
| Cash and cash equivalents reclassified as "Assets held for sale" | | - | | - |
| Effect of changes in foreign exchange rates | | (0.1) | | 0.7 |
| **Cash and cash equivalents at period-end** | | **43.6** | | **67.5** |

* See note 9.

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

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

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

| | Share capital | Share premium account | Other reserves and retained earnings | Translation reserve | Cash flow hedge reserve | Actuarial gains and losses on post-employment benefit obligations | Treasury stock | Total equity attributable to owners of the parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **At December 31, 2011 (a)** | 2.1 | 37.4 | 134.9 | 9.9 | (0.1) | (2.9) | (1.2) | 180.1 | 7.2 | 187.3 |
| Issue of share capital | 0.1 | 0.6 | | | | | | 0.7 | | 0.7 |
| Capital reduction | | | | | | | | 0.0 | | 0.0 |
| Changes in treasury stock | | | | | | | | 0.0 | | 0.0 |
| Dividends paid | | | | | | | | 0.0 | | 0.0 |
| Profit for the period | | | 1.4 | | | | | 1.4 | | 1.4 |
| Other comprehensive income/ (expense) for the period | | | (0.1) | 4.6 | 0.1 | | | 4.6 | 0.2 | 4.8 |
| **At June 30, 2012 (a)** | 2.2 | 38.0 | 136.2 | 14.5 | 0.0 | (2.9) | (1.2) | 186.8 | 7.4 | 194.2 |
| **At December 31, 2012 (a)** | 2.2 | 38.1 | 119.5 | 8.0 | 0.0 | (4.0) | (1.2) | 162.6 | 6.6 | 169.2 |
| Issue of share capital | | | | | | | | 0.0 | | 0.0 |
| Capital reduction | | | | | | | | 0.0 | | 0.0 |
| Changes in treasury stock | | | (0.7) | | | | 1.0 | 0.3 | | 0.3 |
| Dividends paid | | | | | | | | 0.0 | | 0.0 |
| Profit for the period | | | 3.2 | | | | | 3.2 | (0.2) | 3.0 |
| Other comprehensive income/ (expense) for the period | | | (0.2) | (0.9) | | 0.8 | | (0.3) | | (0.3) |
| **At June 30, 2013** | 2.2 | 38.1 | 121.8 | 7.1 | 0.0 | (3.2) | (0.2) | 165.8 | 6.4 | 172.2 |

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

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

## Notes to the Interim Consolidated Financial Statements



### NOTES – to the statement of financial position



### NOTES – to the income statement



### Additional information

## 1. General information

In first-half 2013, Chargeurs and its subsidiaries (the Chargeurs Group) were organized around three business lines:

- Chargeurs Protective Films (development and marketing of technical solutions to protect steel, aluminum, plastic and other surfaces during the production process);
- Chargeurs Interlining (interlining and technical fabrics production and marketing);
- Chargeurs Wool (top making and combed wool sales).

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

The interim consolidated financial statements for the six months ended June 30, 2013 were approved by the Board of Directors on August 28, 2013. All amounts are expressed in millions of euros, unless otherwise specified.

## 2. Summary of significant accounting policies

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

### *2.1 Basis of preparation*

The first-half 2013 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

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

Amendments to IAS 19 – Employee Benefits (IAS 19R) were published in June 2011 and adopted by the European Union on June 5, 2012. These amendments are applicable for annual periods beginning on or after January 1, 2013 and retrospectively for all periods presented. The main impacts of IAS 19R are as follows:

- The corridor approach previously applied by the Group is no longer allowed.
- All actuarial gains and losses and past service costs now have to be recognized immediately in the statement of financial position at each year-end.
- Actuarial gains and losses related to post-employment benefits must be recognized through other comprehensive income, net of tax, and may not subsequently be reclassified to profit.
- Past service costs – both vested and unvested – must be recognized in profit in the period when they arise.

- Net interest income has been introduced as the equivalent of the expected return on plan assets under IAS 19. The net interest income under IAS 19R is determined based on the discount rate used to measure the defined benefit obligation rather than the assets' expected market rate of return.
- The effects of any amendments to pension plans and any actuarial gains and losses related to long-term employee benefits other than post-employment benefits must be recognized in full in profit in the period in which they occur.

Effective from January 1, 2013, the Group recognizes current service cost within operating profit and the net interest cost on its net defined benefit liability under "Finance costs and other financial income and expense, net". Previously all components of pension cost for the period were included in operating profit.

As IAS 19R has to be applied retrospectively, for the purpose of providing meaningful comparisons the consolidated financial statements for the years ended December 31, 2012 and 2011 have been restated in line with the new accounting rules applicable in the revised standard. The effects of applying IAS 19R for the first time are set out in note 19.

In accordance with IAS 34.IE.B9, actuarial gains and losses for first-half 2013 have been estimated based on sensitivity tests performed at December 31, 2012, after adjusting the actuarial assumptions (notably the discount rate).

*2.2 List of new, revised and amended standards and interpretations*

**a) New standards, interpretations and amendments to existing standards applicable in the period ended June 30, 2013:**

**Adopted by the European Union**

✓ Affecting the Group

- IAS 19 revised – Employee Benefits
- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
- Annual Improvements to IFRSs – 2009-2011 Cycle, issued on May 17, 2012
- IFRS 13 – Fair Value Measurement
- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets
- Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities

Apart from IAS 19R, these new amendments have no significant impact on the financial statements.

✓ Not affecting the Group

- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

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

**Adopted by the European Union**

✓ Affecting the Group

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- Transition Guidance – amendments to IFRS 10, IFRS 11 and IFRS 12
- IAS 27 revised – Individual Financial Statements.
- IAS 28 – Investments in Associates and Joint Ventures
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

**Not yet adopted by the European Union**

✓ Affecting the Group

- IFRS 9 – Financial Instruments
- Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27)
- IFRIC 21 – Levies
- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

## 3. Use of accounting estimates and assumptions

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

*3.1 Critical accounting estimates and assumptions*

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

(a) Impairment of goodwill

Goodwill is tested for impairment on an annual basis as described in note 2.7 to the 2012 consolidated financial statements. The recoverable amounts of cash-generating units (CGUs) were determined at December 31, 2012 based on calculations of value in use.

Given the consistency of first-half results with the business plans used to calculate the CGUs' value in use at December 31, 2012, it was not necessary to test the CGUs for impairment at June 30, 2013.

(b) Income tax

Deferred tax assets arising from tax loss carryforwards and deductible temporary differences are recognized based on projected taxable profits for the next five years.

*3.2 Critical judgments*

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

IAS 39 – Financial Instruments: Recognition and Measurement, which deals with the derecognition of financial assets, including trade receivables, requires entities to base their analysis on the following three criteria:

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

Based on Chargeurs' analysis of the sale contracts in relation to these three criteria, it was deemed prudent to keep these receivables in the consolidated statement of financial position and to record a liability for the amount of the cash proceeds received. The receivables are covered by credit insurance, with the Chargeurs Group entities only retaining risks relating to foreign exchange, dilution and payment delays.

The presentation of these items in the first-half 2013 consolidated financial statements is unchanged from 2005, but may change in the future based on amendments to contracts or changes in sale procedures.

## 4. Acquisitions – Disposals

*4.1 Operations in first-half 2013*

There were no significant changes in the scope of consolidation during first-half 2013.

*4.2 Comparative information about Chargeurs Wool Argentina and Chargeurs Wool Uruguay*

During the second half of 2012, the Group sold 50% interests in Chargeurs Wool Argentina and Chargeurs Wool Uruguay. Following these transactions, the two companies are now accounted for by the equity method (see note 4 to the 2012 consolidated financial statements in the 2012 Annual Report).
To permit meaningful comparisons between first-half 2013 and first-half 2012, the main effects of applying the equity method to Chargeurs Wool Argentina and Chargeurs Wool Uruguay are presented below:

| *(in euro millions)* | First-half 2012 (a) | CWA and CWU First-half 2012 | First-half 2012 pro forma | First-half 2013 |
|---|---|---|---|---|
| **Revenue** | **283.1** | 21.8 | **261.3** | **240.0** |
| **Gross profit** | **56.7** | 4.9 | **51.8** | **49.8** |
| **Operating profit** | **8.5** | 1.2 | **7.3** | **9.0** |

(a) Restated to reflect the impact of applying IAS 19R.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

### 5. Property, plant and equipment

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

| *(in euro millions)* | Land | Buildings | Plant and equipment | Fixtures and fittings | Assets under construction | Total |
|---|---|---|---|---|---|---|
| **December 31, 2011** | **4.7** | **17.8** | **24.8** | **6.7** | **2.9** | **56.9** |
| Additions | - | 0.2 | 0.8 | 0.5 | 1.6 | 3.1 |
| Disposals | - | (0.7) | (0.4) | - | (0.2) | (1.3) |
| Changes in scope of consolidation | - | - | - | - | - | - |
| Depreciation | - | (1.1) | (3.2) | (0.8) | - | (5.1) |
| Impairment | - | - | - | - | - | - |
| Other | (0.4) | (0.1) | 0.3 | 0.1 | (0.5) | (0.6) |
| Translation adjustment | - | 0.1 | 0.3 | 0.1 | - | 0.5 |
| **June 30, 2012** | **4.3** | **16.2** | **22.6** | **6.6** | **3.8** | **53.5** |

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

* The negative €1.0 million recorded on the line “Other” corresponds to a plot of land that has been reclassified to "Assets held for sale".

## 6. Goodwill and other intangible assets

**a)** Movements in net goodwill related to fully consolidated companies can be analyzed as follows:

| *(in euro millions)* | Gross | Accumulated impairment losses | Net |
|---|---|---|---|
| **December 31, 2011** | **82.5** | **(15.7)** | **66.8** |
| - Goodwill recognized on companies acquired during the period | - | - | - |
| - Goodwill written off on companies disposed of during the period | - | - | - |
| - Goodwill written off on companies removed from the scope of consolidation | - | - | - |
| Translation adjustment | 1.4 | - | 1.4 |
| Changes in scope of consolidation | - | - | - |
| Impairment losses recognized during the period | - | - | - |
| **June 30, 2012** | **83.9** | **(15.7)** | **68.2** |

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

Goodwill has been allocated to cash-generating units (CGUs) corresponding to the Group's businesses. The table below provides a breakdown of goodwill by CGU.

| *(in euro millions)* | **June 30, 2013** | **December 31, 2012** |
|---|---|---|
| Chargeurs Protective Films | 49.4 | 49.0 |
| Chargeurs Interlining (excluding Yak and Etacol) | 13.5 | 13.6 |
| Etacol | 3.5 | 3.3 |
| **Total** | **66.4** | **65.9** |

Goodwill impairment tests

As explained in note 3.1 (a), no impairment losses were recognized on goodwill at June 30, 2013. The change in value of goodwill during the period was entirely due to the effect of changes in exchange rates.

## b) Other intangible assets

| *(in euro millions)* | Trademarks and patents | Development costs | Licenses | Other | Total |
|---|---|---|---|---|---|
| **December 31, 2011** | **0.3** | **1.7** | **2.1** | **0.7** | **4.8** |
| Capitalized development costs | - | - | - | - | - |
| Additions | - | - | - | 0.1 | 0.1 |
| Disposals | - | - | (0.4) | - | (0.4) |
| Changes in scope of consolidation | - | - | - | - | - |
| Amortization | - | (0.2) | - | (0.2) | (0.4) |
| Impairment | - | - | - | - | - |
| Other | - | - | - | - | - |
| Translation adjustment | - | - | 0.1 | - | 0.1 |
| **June 30, 2012** | **0.3** | **1.5** | **1.8** | **0.6** | **4.2** |

| *(in euro millions)* | Trademarks and patents | Development costs | Licenses | Other | Total |
|---|---|---|---|---|---|
| **December 31, 2012** | **0.5** | **1.2** | **1.6** | **0.7** | **4.0** |
| Capitalized development costs | - | - | - | - | - |
| Additions | - | - | - | 0.2 | 0.2 |
| Disposals | - | - | - | (0.1) | (0.1) |
| Changes in scope of consolidation | - | - | - | - | - |
| Amortization | - | (0.2) | (0.1) | - | (0.3) |
| Impairment | - | - | - | - | - |
| Other | - | - | - | - | - |
| Translation adjustment | - | - | 0.1 | - | 0.1 |
| **June 30, 2013** | **0.5** | **1.0** | **1.6** | **0.8** | **3.9** |

## 7. Finance leases

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

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Land | 2.2 | 2.2 |
| Buildings | 25.5 | 25.5 |
| Plant and equipment | 8.1 | 19.3 |
| Fixtures, fittings and other | 6.7 | 6.6 |
| **Gross** | **42.5** | **53.6** |
| **Depreciation** | (31.6) | (29.9) |
| **Impairment** | - | (9.6) |
| **Net** | **10.9** | **14.1** |

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, 2013 | December 31, 2012 |
|---|---|---|
| Future minimum lease payments under finance leases | 11.7 | 18.0 |
| Finance lease liabilities | 10.4 | 16.9 |
| **Future finance cost** | **1.3** | **1.1** |

Future minimum lease payments under finance leases can be analyzed as follows by maturity:

| *(in euro millions)* | Future minimum lease payments | Finance lease liabilities |
|---|---|---|
| Due in less than one year | 2.7 | 2.3 |
| Due in one to five years | 5.0 | 4.5 |
| Due in more than five years | 4.0 | 3.6 |
| **Total at June 30, 2013** | **11.7** | **10.4** |
| Due in less than one year | 8.3 | 8.1 |
| Due in one to five years | 5.6 | 5.0 |
| Due in more than five years | 4.1 | 3.8 |
| **Total at December 31, 2012** | **18.0** | **16.9** |

The main finance leases correspond to sale-and-leaseback transactions on real estate and to equipment leases for machinery. Financing is generally obtained for periods ranging from six to fifteen years and corresponds to secured debt.
During the first half of 2013, Chargeurs Interlining exercised a €5.5 million purchase option on tools and equipment.

## 8. Deferred taxes

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

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Deferred tax assets, net | | |
| - recoverable beyond 12 months | 8.9 | 8.7 |
| - recoverable within 12 months | 10.6 | 10.5 |
| Deferred tax liabilities, net | | |
| - to be settled beyond 12 months | (6.1) | (6.2) |
| - to be settled within 12 months | (1.2) | (1.1) |
| **Total** | **12.2** | **11.9** |

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

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Deferred tax assets, net | | |
| - deductible temporary differences | 11.8 | 11.6 |
| - tax loss carryforwards and tax credits | 7.7 | 7.6 |
| Deferred tax liabilities, net | | |
| - taxable temporary differences | (7.3) | (7.3) |
| **Total** | **12.2** | **11.9** |

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

The tax assets arising from group relief in France, tax loss carryforwards and deductible temporary differences amounted to €5.7 million at June 30, 2013, unchanged from December 31, 2012.

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

## 9. Long-term loans and receivables

The €1.7 million total for this item breaks down as follows:
- Long-term loans in an amount of €0.1 million.
- Long-term deposits in an amount of €1.6 million.

The decrease in long-term loans and receivables compared with the 2012 year-end was primarily due to the reimbursement of deposits following the exercise of an option to purchase equipment previously held under a finance lease (see note 7).

The fair value of these assets approximates their carrying amount.

## 10. Derivative instruments

The carrying amount of derivatives can be analyzed as follows:

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Assets | 0.1 | 0.8 |
| Liabilities | (0.8) | (0.7) |
| **Net** | **(0.7)** | **0.1** |

| *(in euro millions)* | June 30, 2013 | | December 31, 2012 | |
|---|---|---|---|---|
| **Assets net of liabilities** | Fair value | Notional | Fair value | Notional |
| *Fair value hedges* | | | | |
| Currency hedges (a) | (0.7) | 13.0 | 0.1 | 9.8 |
| *Cash flow hedges* | | | | |
| Currency hedges (a) | - | 28.9 | - | 4.6 |
| **Derivative instruments – net asset/(liability)** | **(0.7)** | | **0.1** | |

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

Fair value hedges on a notional amount of €13 million correspond to hedges of assets and liabilities and firm commitments by subsidiaries.

Cash flow hedges on a notional amount of €28.9 million correspond to hedges of net sales and purchases denominated in US dollars for €29.1 million (net buyer position) and British pounds for €0.2 million (net seller position).

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

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| US dollar | 40.0 | 16.6 |
| Euro | 0.6 | (3.9) |
| Chinese yuan | 1.2 | 1.3 |
| British pound | 0.1 | (0.1) |
| Korean won | - | 0.6 |
| **Total** | **41.9** | **14.4** |

*Maturities of derivatives at fair value*

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Less than 6 months | (0.7) | (0.4) |
| More than 6 months | - | 0.5 |

## 11. Inventories and work-in-progress

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

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| **Gross** | | |
| Raw materials and supplies | 33.0 | 45.4 |
| Finished and semi-finished goods and work-in-progress | 72.3 | 73.1 |
| Other | 1.5 | 1.6 |
| **Total – gross** | **106.8** | **120.1** |
| Provisions for impairment | (5.5) | (6.4) |
| **Net** | **101.3** | **113.7** |
| Increase in provisions for impairment of inventory | **(0.8)** | **(2.2)** |
| Reversals of provisions used | 0.5 | 0.7 |
| Reversals of surplus provisions | 1.2 | 1.6 |

## 12. Trade receivables

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| **Trade receivables** | | |
| Gross | 55.1 | 51.6 |
| Provisions for impairment | (6.6) | (7.6) |
| **Net** | **48.5** | **44.0** |

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.

*Factored receivables*

At June 30, 2013, certain receivables had been sold under no-recourse agreements with factoring companies in France and abroad. These receivables are shown in Chargeurs' consolidated statement of financial position even though they have been sold and despite the fact that title has been transferred to the factoring company (see note 3.2).

The amounts paid by the factoring companies for receivables totaled €56 million at June 30, 2013 (€52.5 million at December 31, 2012).

## 13. Other receivables

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Short-term tax receivables | 0.3 | 0.5 |
| Sundry receivables | 32.9 | 27.7 |
| Accruals | 1.6 | 1.3 |
| Provisions for impairment | (1.5) | (1.0) |
| **Net** | **33.3** | **28.5** |

The fair value of these assets approximates their carrying amount.

## 14. Cash and cash equivalents

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

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Marketable securities | 13.9 | 20.6 |
| Term deposits | 0.5 | 1.6 |
| **Sub-total** | **14.4** | **22.2** |
| Cash at bank | 29.2 | 28.4 |
| **Total** | **43.6** | **50.6** |

## 15. Assets held for sale

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Assets held for sale | 5.2 | 1.8 |
| Liabilities related to assets held for sale | 1.2 | 1.1 |

In first-half 2013, Chargeurs finalized the plan to divest its remaining Fabrics operations in Asia and a sale agreement was signed in July 2013 with the business's former managers. The Fabrics operations' €0.2 million loss for the first half of 2013 was recorded in "Profit/(loss) from discontinued operations". The related assets and liabilities classified as held for sale in the consolidated statement of financial position represented a net liability of €0.1 million.

Assets held for sale at June 30, 2013 also included:

- €0.6 million worth of buildings for which the Group has committed to a sale plan;
- a plot of land with a net carrying amount of €1 million, for which a sale agreement was signed on July 1, 2013, with title transferred on the same date;
- Ningbo Yak Bertero Textile Co. Ltd., a company accounted for by the equity method until December 31, 2012 that was reclassified to "Assets held for sale" at June 30, 2013 in an amount of €2.5 million as it was sold outside the Group in July 2013.

## 16. Equity

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since December 31, 2011 are as follows:

| | |
|---|---|
| **Shares outstanding at December 31, 2011** | **13,123,225** |
| Issuance of shares on conversion of bonds | 401,688 |
| **Shares outstanding at December 31, 2012** | **13,524,913** |
| Issuance of shares on conversion of bonds | 4,152 |
| **Shares outstanding at June 30, 2013** | **13,529,065** |

Based on a par value of €0.16 per share, shares outstanding at June 30, 2013 represented issued capital of €2,164,650.40 (December 31, 2012: €2,163,986).

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

### a) Conversion of bonds into shares

During first-half 2013, 139 bonds were converted into shares, leading to a total increase in equity of €8,000.

| | First-half 2013 | Full-year 2012 |
|---|---|---|
| **Number of convertible bonds** | | |
| At beginning of period | 299,691 | 313,629 |
| Number of bonds converted during the period | 139 | 13,938 |
| **At end of period** | **299,552** | **299,691** |
| **Number of shares issued on conversion of bonds** | | |
| At beginning of period | 3,147,816 | 2,746,128 |
| Shares issued on conversions for the period | 3,753 | 376,326 |
| Shares issued in payment of interest | 399 | 25,362 |
| **At end of period** | **3,151,968** | **3,147,816** |
| **Number of shares potentially issuable between June 30, 2013 and January 1, 2016** | | |
| Minimum number of shares | 1,815,285 | 1,816,127 |
| Maximum number of shares | 9,585,664 | 9,590,112 |
| **Aggregate face value of the bonds (in euros)** | 22,829,565 | 22,829,565 |
| **Maximum amount redeemable at maturity (bonds outstanding at period-end) (in euros)** | 16,475,360 | 16,483,005 |

### b) Treasury stock

Shares held in treasury can be analyzed as follows:

| | June 30, 2013 | | December 31, 2012 | |
|---|---|---|---|---|
| | Number of shares | Cost in euros | Number of shares | Cost in euros |
| Chargeurs shares held: | | | | |
| - By Chargeurs | 13,334 | 230,851 | 13,334 | 230,851 |
| - Under the liquidity contract | - | - | 103,000 | 972,436 |
| Total | **13,334** | **230,851** | **116,334** | **1,203,287** |

All of the shares held under the liquidity contract were sold during the first half of 2013.

### c) Other reserves

At June 30, 2013 "Other reserves" included:
- cumulative net gains and losses on cash flow hedges, which amounted to zero, unchanged from December 31, 2012;
- net actuarial losses on post-employment benefit obligations for €3.2 million versus €4.0 million at December 31, 2012.

## 17. Convertible bonds

### a) Description of the operation

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

The principal terms of this bond issue are described in note 20 to the 2012 consolidated financial statements.

### b) Accounting treatment

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

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

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

The related finance cost for the six months ended June 30, 2013 was €0.5 million. The effective interest rate of the bonds at June 30, 2013 was 7.35%.

As mentioned above, 139 bonds were converted in first-half 2013, leading to an €0.008 million decrease in the related bond debt.

| *(in euro millions)* | December 31, 2012 | Finance cost for the period | Conversions for the period | June 30, 2013 |
|---|---|---|---|---|
| Share capital | 0.4 | - | - | 0.4 |
| Share premium account (conversion premium) | 6.0 | - | - | 6.0 |
| Equity component of convertible bonds | 4.6 | - | - | 4.6 |
| **Convertible bonds** | **13.6** | **0.5** | - | **14.1** |

## 18. Borrowings

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

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Bank borrowings | 26.1 | 41.5 |
| Finance lease liabilities | 10.4 | 16.9 |
| **Total** | **36.5** | **58.4** |

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

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Due in less than one year | 20.5 | 39.5 |
| Due in one to two years | 7.8 | 11.3 |
| Due in two to three years | 2.9 | 2.0 |
| Due in three to four years | 0.9 | 1.0 |
| Due in four to five years | 0.8 | 0.8 |
| Due in more than five years | 3.6 | 3.8 |
| **Total** | **36.5** | **58.4** |

Borrowings by type

| *(in euro millions)* | Notional amount June 30, 2013 | Notional amount Dec. 31, 2012 | Effective interest rate June 30, 2013 |
|---|---|---|---|
| Bank borrowings | 36.5 | 58.4 | 3.9% |
| Bank overdrafts | 23.8 | 25.0 | |
| **Total borrowings** | **60.3** | **83.4** | |
| Cash and cash equivalents | (43.6) | (50.6) | |
| **Net debt** | **16.7** | **32.8** | |

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

| *(in euro millions)* | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | 2017/2018 | 2018 and beyond | Total |
|---|---|---|---|---|---|---|---|
| Fixed-rate borrowings | 1.8 | 1.4 | 1.2 | - | - | - | 4.4 |
| Variable-rate borrowings | 18.7 | 6.4 | 1.7 | 0.9 | 0.8 | 3.6 | 32.1 |
| **Total** | **20.5** | **7.8** | **2.9** | **0.9** | **0.8** | **3.6** | **36.5** |

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

At June 30, 2013, the carrying amount of borrowings originally contracted at fixed rates was €4.4 million.

The average interest rate on long-term debt was 3.9% at June 30, 2013 and 4.1% at December 31, 2012. The fixed-rate portion of these borrowings represented an average of 12.3% in first-half 2013 (12.9% in full-year 2012).

Long-term debt was denominated in the following currencies at June 30, 2013 and December 31, 2012:

| *(in euro millions)* | **June 30, 2013** | **December 31, 2012** |
|---|---|---|
| Euro | 34.3 | 56.4 |
| US dollar | 1.1 | 1.5 |
| Other | 1.1 | 0.5 |
| **Total** | **36.5** | **58.4** |

The debt restructuring agreement signed by the Group on January 7, 2010 and amended by way of addenda dated February 4, 2010 and January 6, 2012 was extended on June 26, 2013 by a third addendum that applied to significantly reduced amounts.

The initial agreement covered credit facilities representing over €80 million but this amount has been reduced by the successive addenda, from €39.6 million to €19.1 million in first-half 2013. Within the total amount, the short-term credit facility granted to Chargeurs Interlining has been reduced by two thirds and its final repayment date has been set at June 30, 2014. The expiry date of the medium-term credit facility for Chargeurs Interlining provided for in the original debt restructuring agreement remains unchanged and Chargeurs Protective Films has repaid a portion of its facility in advance.

The credit facilities concerned are subject to the standard clauses contained in this type of loan agreement.

The standard financial covenants contained in the original debt restructuring agreement continue to apply, with the ratios (net debt/EBITDA and EBITDA/finance costs) calculated at six-monthly intervals over rolling twelve-month periods at the level of each business.

| | Chargeurs Protective Films | Chargeurs Interlining |
|---|---|---|
| Net debt/EBITDA | < 4.2 | < 5.0 |
| Interest cover (EBITDA/finance costs) | > 4.0 | > 2.7 |

## 19. Pension and other long-term employee benefit obligations

### a) Impacts of the first-time application of IAS 19R

The tables below set out the main impacts of the first-time application of IAS 19R on the statement of financial position at December 31, 2011 and on the statement of financial position, income statement, statement of comprehensive income and statement of changes in equity for the year ended December 31, 2012.

Impact on the consolidated statement of financial position at December 31, 2011

| Assets | December 31, 2011 Reported | Impact of IAS 19R | December 31, 2011 Restated |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment (note 5) | 56.9 | | 56.9 |
| Intangible assets (note 6) | 71.6 | | 71.6 |
| Investments in associates and joint ventures (note 8) | 19.6 | | 19.6 |
| Deferred tax assets (note 9) | 18.7 | | 18.7 |
| Non-current financial assets | | | - |
| - Investments in non-consolidated companies (note 10) | 1.7 | | 1.7 |
| - Long-term loans and receivables (note 11) | 7.6 | | 7.6 |
| Other non-current assets (note 13) | 3.4 | | 3.4 |
| | **179.5** | **-** | **179.5** |
| **Current assets** | | | |
| Inventories and work-in-progress (note 14) | 166.2 | | 166.2 |
| Trade receivables (note 15) | 52.9 | | 52.9 |
| *Factored receivables (*)* | 62.6 | | 62.6 |
| Derivative instruments (note 12) | 2.2 | | 2.2 |
| Other receivables (note 16) | 42.7 | | 42.7 |
| Cash and cash equivalents (note 17) | 69.5 | | 69.5 |
| | **396.1** | **-** | **396.1** |
| Assets held for sale (note 18) | 2.6 | | 2.6 |
| **Total assets** | **578.2** | | **578.2** |

| Equity and liabilities | December 31, 2011 Reported | Impact of IAS 19R | December 31, 2011 Restated |
|---|---|---|---|
| **Equity** | | | |
| **Attributable to owners of the parent** | | | - |
| Share capital (note 19) | 2.1 | | 2.1 |
| Share premium account (note 19) | 37.4 | | 37.4 |
| Other reserves and retained earnings (note 19) | 124.3 | (2.9) | 121.4 |
| Profit for the period | 10.5 | | 10.5 |
| Treasury stock | (1.2) | | (1.2) |
| Translation reserve | 9.9 | | 9.9 |
| | **183.0** | **(2.9)** | **180.1** |
| **Non-controlling interests** | **7.2** | | **7.2** |
| **Total equity** | **190.2** | **(2.9)** | **187.3** |
| **Non-current liabilities** | | | |
| Convertible bonds (note 20) | 13.3 | | 13.3 |
| Long-term borrowings (note 21) | 57.1 | | 57.1 |
| Deferred tax liabilities (note 9) | 0.9 | | 0.9 |
| Pension and other long-term employee benefit obligations (note 22) | 10.7 | 2.9 | 13.6 |
| Provisions (note 23) | 2.5 | | 2.5 |
| Other non-current liabilities (note 24) | 10.2 | | 10.2 |
| | **94.7** | **2.9** | **97.6** |
| **Current liabilities** | | | |
| Trade payables (note 24) | 94.4 | | 94.4 |
| Other payables (note 24) | 41.3 | | 41.3 |
| *Factoring liabilities (*)* | 62.6 | | 62.6 |
| Current income tax liability | 1.1 | | 1.1 |
| Derivative instruments (note 12) | 0.2 | | 0.2 |
| Short-term portion of long-term borrowings (note 21) | 22.9 | | 22.9 |
| Short-term bank loans and overdrafts (note 21) | 70.1 | | 70.1 |
| | **292.6** | **-** | **292.6** |
| Liabilities related to assets held for sale (note 18) | 0.7 | | 0.7 |
| **Total equity and liabilities** | **578.2** | | **578.2** |

Impact on the financial statements for the year ended December 31, 2012

*Consolidated statement of financial position*

## Assets

| | December 31, 2012 Reported | Impact of IAS 19 R | December 31, 2012 Restated |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment (note 5) | 47.5 | | 47.5 |
| Intangible assets (note 6) | 69.9 | | 69.9 |
| Investments in associates and joint ventures (note 8) | 24.6 | | 24.6 |
| Deferred tax assets (note 9) | 12.2 | | 12.2 |
| Non-current financial assets | | | - |
| - Investments in non-consolidated companies (note 10) | 1.3 | | 1.3 |
| - Long-term loans and receivables (note 11) | 6.3 | | 6.3 |
| Other non-current assets (note 13) | 0.8 | | 0.8 |
| | **162.6** | **-** | **162.6** |
| **Current assets** | | | |
| Inventories and work-in-progress (note 14) | 113.7 | | 113.7 |
| Trade receivables (note 15) | 44.0 | | 44.0 |
| *Factored receivables (*)* | 52.5 | | 52.5 |
| Derivative instruments (note 12) | 0.8 | | 0.8 |
| Other receivables (note 16) | 28.5 | | 28.5 |
| Cash and cash equivalents (note 17) | 50.6 | | 50.6 |
| | **290.1** | **-** | **290.1** |
| Assets held for sale (note 18) | 1.8 | | 1.8 |
| **Total assets** | **454.5** | | **454.5** |

## Equity and liabilities

| | December 31, 2012 Reported | Impact of IAS 19 R | December 31, 2012 Restated |
|---|---|---|---|
| **Equity** | | | |
| **Attributable to owners of the parent** | | | - |
| Share capital (note 19) | 2.2 | | 2.2 |
| Share premium account (note 19) | 38.1 | | 38.1 |
| Other reserves and retained earnings (note 19) | 134.7 | (4.3) | 130.4 |
| Profit/(loss) for the period | (15.2) | 0.3 | (14.9) |
| Treasury stock | (1.2) | | (1.2) |
| Translation reserve | 8.0 | | 8.0 |
| | **166.6** | **(4.0)** | **162.6** |
| **Non-controlling interests** | **6.6** | | **6.6** |
| **Total equity** | **173.2** | **(4.0)** | **169.2** |
| **Non-current liabilities** | | | |
| Convertible bonds (note 20) | 13.6 | | 13.6 |
| Long-term borrowings (note 21) | 18.9 | | 18.9 |
| Deferred tax liabilities (note 9) | 0.3 | | 0.3 |
| Pension and other long-term employee benefit obligations (note 22) | 10.6 | 4.0 | 14.6 |
| Provisions (note 23) | 0.4 | | 0.4 |
| Other non-current liabilities (note 24) | 10.3 | | 10.3 |
| | **54.1** | **4.0** | **58.1** |
| **Current liabilities** | | | |
| Trade payables (note 24) | 75.5 | | 75.5 |
| Other payables (note 24) | 32.6 | | 32.6 |
| *Factoring liabilities (*)* | 52.5 | | 52.5 |
| Current income tax liability | 0.3 | | 0.3 |
| Derivative instruments (note 12) | 0.7 | | 0.7 |
| Short-term portion of long-term borrowings (note 21) | 39.5 | | 39.5 |
| Short-term bank loans and overdrafts (note 21) | 25.0 | | 25.0 |
| | **226.1** | **-** | **226.1** |
| Liabilities related to assets held for sale (note 18) | 1.1 | | 1.1 |
| **Total equity and liabilities** | **454.5** | | **454.5** |

## *Consolidated income statement*

| | 2012 Reported | Impact of IAS 19R | 2012 Restated |
|---|---|---|---|
| **Revenue** | **524.6** | | **524.6** |
| Cost of sales | (424.3) | 0.8 | (423.5) |
| **Gross profit** | **100.3** | **0.8** | **101.1** |
| Distribution costs | (54.6) | | (54.6) |
| Administrative expenses | (34.9) | | (34.9) |
| Research and development costs | (3.5) | | (3.5) |
| Other operating income (note 26) | 4.9 | | 4.9 |
| Other operating expense (note 26) | (5.2) | | (5.2) |
| **Operating profit** | **7.0** | **0.8** | **7.8** |
| Finance costs and other financial expense | (15.2) | (0.5) | (15.7) |
| Financial income | 5.0 | | 5.0 |
| **Finance costs and other financial income and expense, net (note 28)** | **(10.2)** | **(0.5)** | **(10.7)** |
| Share of profit/(loss) of associates and joint ventures | (1.2) | | (1.2) |
| **Pre-tax profit/(loss) for the period** | **(4.4)** | **0.3** | **(4.1)** |
| Income tax expense (note 29) | (9.2) | | (9.2) |
| Profit/(loss) from continuing operations | **(13.6)** | **0.3** | **(13.3)** |
| Profit/(loss) from discontinued operations (note 18) | **(2.2)** | | **(2.2)** |
| **Profit/(loss) for the period** | **(15.8)** | **0.3** | **(15.5)** |

## *Consolidated statement of comprehensive income*

| | 2012 Reported | Impact of IAS 19R | 2012 Restated |
|---|---|---|---|
| **Profit/(loss) for the period** | **(15.8)** | **0.3** | **(15.5)** |
| Exchange differences on translating foreign operations | (1.9) | | (1.9) |
| Available-for-sale financial assets | | | |
| - Fair value adjustments for the period recognized in equity | | | |
| - Cumulative fair value adjustments reclassified to profit or loss | | | |
| Cash flow hedges | | | |
| - Fair value adjustments for the period recognized in equity | 0.1 | | 0.1 |
| - Cumulative fair value adjustments reclassified to profit or loss | | | |
| Income tax relating to components of other comprehensive income/(expense) | | | |
| **Items that may be reclassified subsequently to profit or loss** | **(1.8)** | **0.0** | **(1.8)** |
| Other components of comprehensive income/(expense) | (0.2) | | (0.2) |
| Actuarial gains and losses on post-employment benefit obligations | | (1.4) | (1.4) |
| **Items that will not be reclassified to profit or loss** | **(0.2)** | **(1.4)** | **(1.6)** |
| **Other comprehensive income/(expense) for the period, net of tax** | **(2.0)** | **(1.4)** | **(3.4)** |
| **Total comprehensive income/(expense) for the period** | **(17.8)** | **(1.1)** | **(18.9)** |
| **Attributable to:** | | | |
| Owners of the parent | (17.2) | (1.1) | (18.3) |
| Non-controlling interests | (0.6) | | (0.6) |

## *Consolidated statement of changes in equity*

| | Share capital | Share premium account | Other reserves and retained earnings | Translation reserve | Cash flow hedge reserve | Actuarial gains and losses on post-employment benefit obligations | Treasury stock | Total equity attributable to owners of the parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **At December 31, 2011 (reported)** | 2.1 | 37.4 | 134.9 | 9.9 | (0.1) | | (1.2) | 183.0 | 7.2 | 190.2 |
| **Effect of change of accounting method** | | | | | | (2.9) | | | | |
| **At December 31, 2011 (restated)** | 2.1 | 37.4 | 134.9 | 9.9 | (0.1) | (2.9) | (1.2) | 180.1 | 7.2 | 187.3 |
| Issue of share capital | 0.1 | 0.7 | | | | | | 0.8 | | 0.8 |
| Capital reduction | | | | | | | | 0.0 | | 0.0 |
| Changes in treasury stock | | | | | | | | 0.0 | | 0.0 |
| Dividends paid | | | | | | | | 0.0 | | 0.0 |
| Profit/(loss) for the period | | | (15.2) | | | 0.3 | | (14.9) | (0.6) | (15.5) |
| Other comprehensive income/(expense) for the period | | | (0.2) | (1.9) | 0.1 | (1.4) | | (3.4) | | (3.4) |
| **At December 31, 2012 (restated)** | 2.2 | 38.1 | 119.5 | 8.0 | 0.0 | (4.0) | (1.2) | 162.6 | 6.6 | 169.2 |
| **At December 31, 2012 (reported)** | 2.2 | 38.1 | 119.5 | 8.0 | 0.0 | 0.0 | (1.2) | 166.6 | 6.6 | 173.2 |

## Impact on the income statement for the six months ended June 30, 2012

| | **First-half 2012 Reported** | **Impact of IAS 19R** | **First-half 2012 Restated** |
|---|---|---|---|
| **Revenue** | **283.1** | | **283.1** |
| Cost of sales | (226.8) | 0.4 | (226.4) |
| **Gross profit** | **56.3** | **0.4** | **56.7** |
| Distribution costs | (28.8) | | (28.8) |
| Administrative expenses | (17.7) | | (17.7) |
| Research and development costs | (1.9) | | (1.9) |
| Other operating income | 2.1 | | 2.1 |
| Other operating expense | (1.9) | | (1.9) |
| **Operating profit** | **8.1** | **0.4** | **8.5** |
| Finance costs and other financial expense | (6.0) | (0.2) | (6.2) |
| Financial income | 1.1 | | 1.1 |
| **Finance costs and other financial income and expense, net** | **(4.9)** | **(0.2)** | **(5.1)** |
| Share of profit of associates | 0.1 | | 0.1 |
| **Pre-tax profit for the period** | **3.3** | **0.2** | **3.5** |
| Income tax expense | (1.6) | | (1.6) |
| Profit from continuing operations | **1.7** | **0.2** | **1.9** |
| Profit/(loss) from discontinued operations | (0.5) | | (0.5) |
| **Profit for the period** | **1.2** | **0.2** | **1.4** |

**b) Movements in the Group's projected benefit obligation in first-half 2013**

The total expense recognized in first-half 2013 for pension and other long-term employee benefit obligations was €0.6 million, of which €0.4 million was included in operating profit and €0.2 million was recorded as a financial expense.

USA: the amount of actuarial gains and losses arising during the first half of 2013 was estimated based on sensitivity tests performed at December 31, 2012, using a discount rate of 4.25% compared with 3.75% in 2012. A net actuarial gain of €0.8 million was recognized for the period.

Europe: no actuarial gains or losses were recognized for Europe in first-half 2013 as there were no significant changes in actuarial assumptions compared with those used at December 31, 2012.

## 20. Provisions

Provisions can be analyzed as follows:

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Long-term provisions | 0.6 | 0.4 |
| Short-term provisions[a] | 0.7 | 1.7 |
| **Total** | **1.3** | **2.1** |

(a) Classified in "Other payables".

Movements in provisions:

| *(in euro millions)* | Long-term provisions | Short-term provisions | Total |
|---|---|---|---|
| **January 1, 2012** | 2.5 | 3.5 | 6.0 |
| Additions | - | 0.2 | 0.2 |
| Reversals of provisions used | - | (0.6) | (0.6) |
| Reversals of surplus provisions | (0.3) | (0.2) | (0.5) |
| Changes in scope of consolidation | - | - | - |
| Other | - | - | - |
| Translation adjustment | - | - | - |
| **June 30, 2012** | **2.2** | **2.9** | **5.1** |

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

| *(in euro millions)* | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Provisions for industrial restructuring costs | 0.2 | 1.2 |
| Provisions for other contingencies | 1.1 | 0.9 |
| **Total** | **1.3** | **2.1** |

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

"Other non-current liabilities" include a €9.9 million bond received in respect of a license.

"Other payables" include short-term provisions in an amount of €0.7 million (see note 20).

Receivables sold under no-recourse agreements are shown in the statement of financial position in an amount of €56.0 million (see note 12), with the corresponding liability recorded under "Factoring liabilities".

## 22. Financial risk management

Financial risk policies in the first half of 2013 were based on the principles described in the 2012 Annual Report.

The following table presents the sensitivity of consolidated equity to currency risk, based on data at June 30, 2013.

| *(in euro millions)* | **Translation reserves by currency** | **Effect of a 10-point increase in the exchange rate against the euro** | **Effect of a 10-point decrease in the exchange rate against the euro** |
|---|---|---|---|
| Australian dollar | (0.2) | 0.0 | (0.0) |
| Argentine peso | (4.8) | 0.5 | (0.5) |
| Bangladesh taka | | 0.0 | 0.0 |
| Brazilian real | 0.3 | 0.0 | (0.0) |
| Swiss franc | 0.1 | 0.0 | (0.0) |
| Chilean peso | 0.3 | 0.0 | (0.0) |
| British pound | (0.1) | 0.0 | (0.0) |
| Hong Kong dollar | 0.2 | 0.0 | (0.0) |
| Czech koruna | 1.3 | 0.1 | (0.1) |
| Sri Lankan rupee | (0.3) | 0.0 | (0.0) |
| Malaysian ringgit | 0.9 | 0.1 | (0.1) |
| New Zealand dollar | 0.9 | 0.1 | (0.1) |
| Chinese yuan | 11.2 | 1.1 | (1.1) |
| Singapore dollar | 0.8 | 0.1 | (0.1) |
| Turkish lira | (1.2) | 0.1 | (0.1) |
| US dollar | (1.5) | 0.2 | (0.2) |
| South Korean won | (0.2) | 0.0 | (0.0) |
| South African rand | (0.6) | 0.1 | (0.1) |
| **Total** | **7.1** | **2.5** | **(2.5)** |

## NOTES TO THE INCOME STATEMENT

### 23. Other operating income and expense

Other operating income and expense can be analyzed as follows:

| *(in euro millions)* | First-half 2013 | First-half 2012 |
|---|---|---|
| Exchange gains and losses | (0.4) | (0.1) |
| Gains and losses on disposal of non-current assets | 1.2 | 1.3 |
| Restructuring costs | 0.2 | (0.9) |
| Other | 0.5 | (0.1) |
| **Total** | **1.5** | **0.2** |

### 24. Employee information

#### a) Number of employees

The average number of employees of fully consolidated subsidiaries was as follows in first-half 2013 and full-year 2012:

| | First-half 2013 | Full-year 2012 |
|---|---|---|
| Employees in France | 512 | 531 |
| Employees outside France | 1,299 | 1,448 |
| | **1,811** | **1,979** |

#### b) Payroll costs

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

### 25. Finance costs and other financial income and expense

| *(in euro millions)* | First-half 2013 | Full-year 2012 |
|---|---|---|
| Cost of net debt | | |
| - Finance cost | (2.3) | (4.7) |
| - Interest income on loans and investments | 0.3 | 1.1 |
| Factoring cost | (0.6) | (0.7) |
| Convertible bond interest cost | (0.5) | (0.6) |
| Net interest on net defined benefit liability | (0.2) | (0.2) |
| Income from investments in non-consolidated companies | 0.2 | - |
| Loss on the disposal of consolidated companies* | (1.1) | - |
| **Total** | **(4.2)** | **(5.1)** |

* Corresponding to the €1.1 million loss generated on the sale of a Chargeurs Wool subsidiary.

## 26. Income tax

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

| *(in euro millions)* | First-half 2013 | First-half 2012 |
|---|---|---|
| Current taxes | (2.2) | (1.9) |
| Deferred taxes | 0.4 | 0.3 |
| **Total** | **(1.8)** | **(1.6)** |

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

| *(in euro millions)* | First-half 2013 | First-half 2012 |
|---|---|---|
| Income tax expense for the period | (1.8) | (1.6) |
| Standard French income tax rate | 33.33% | 33.33% |
| Tax at the standard rate | (1.6) | (1.0) |
| Difference between income tax expense for the period and tax at the standard rate | (0.2) | (0.6) |
| | | |
| Effect of differences in foreign tax rates | - | 0.1 |
| Effect of permanent differences between book profit and taxable profit | - | (0.7) |
| Change in tax assets recognized for tax losses: | | |
| - Reversals of valuation allowances on tax loss carryforwards recognized in prior periods | - | - |
| - Utilizations of tax loss carryforwards recognized in prior periods and tax losses arising and recognized during the current period | 1.2 | 1.5 |
| - Effect of unrelieved tax losses | (0.7) | (1.0) |
| - Valuation allowance on deferred tax assets (tax loss carryforwards arising in prior periods) | - | - |
| Other | (0.7) | (0.5) |

## 27. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding during the period. The Company reported basic earnings per share of €0.24 for first-half 2013.

As a result of the convertible bond issue, diluted earnings per share were determined by taking into account 8,950,614 potential ordinary shares at June 30, 2013 and by adjusting profit to exclude the interest paid on the bonds. On this basis, diluted earnings per share for the period came to €0.17.

# ADDITIONAL INFORMATION

## 28. Commitments and contingencies

### *28.1 Commercial commitments*

At June 30, 2013, Chargeurs and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €0.7 million (€0.3 million at December 31, 2012).

*28.2 Guarantees*

At June 30, 2013, Chargeurs and its subsidiaries had given guarantees for a total of €0.2 million.

*28.3 Collateral*

The Group had not granted any collateral at June 30, 2013.

*28.4 Commitments under non-cancelable medium-term operating leases*

Future minimum payments under non-cancelable medium-term operating leases break down as follows by maturity:

| *(in euro millions)* | **June 30, 2013** | **December 31, 2012** |
|---|---|---|
| Due in less than one year | 4.3 | 4.4 |
| Due in one to five years | 2.4 | 4.5 |
| Due in more than five years | - | - |
| **Total** | **6.7** | **8.9** |

*28.5 Other risks*

**a) Legal risks**

In 2010, Chargeurs SA was summoned on several occasions to appear before the French Employment Tribunal due to claims lodged by individuals previously employed and laid off by companies in which Chargeurs held an indirect interest. The total amount of these claims represented around €5.5 million. They were initially dismissed by the Employment Tribunal but in late 2010 the former employees filed a new claim against the Company on the same grounds, but for double the amount. In 2011, new Employment Tribunal claims were lodged against the Company on the same grounds for an additional amount of about €0.8 million. The claims were heard by the Employment Tribunal in early July 2013. The Company continues to consider that they are totally without merit.

**b) Tax and customs risks**

In several host countries, tax returns for years not yet time-barred are open to a tax audit. In France, the statute of limitations is four years.
In early February 2011, a subsidiary received a €0.84 million tax reassessment, corresponding to excise duty on energy products for the years 2007 to 2010. The company formally contested this reassessment on April 11, 2011. No significant changes in the situation have occurred since that date.

**29. Related party transactions**

**Transactions with equity-accounted companies**

In first-half 2013, the main transactions with companies accounted for by the equity method concerned:

- Purchases from the Chinese companies Ningbo Yak Kyokuyo Textiles and Ningbo Lailong Bertero Co. Ltd.. These transactions were recognized by Chargeurs Interlining under cost of sales in an amount of €6.9 million.

- Purchases from Lanas Trinidad and Chargeurs Wool Argentina. These transactions were recognized by Chargeurs Wool under cost of sales in an amount of €11.5 million.

## 30. Information by business segment

### *30.1 Profits and losses by business segment*

| **First-half 2013** *(in euro millions)* | **Chargeurs Protective Films** | **Chargeurs Interlining*** | **Chargeurs Wool** | **Non-operating** | **Inter-segment eliminations** | **Consolidated** |
|---|---|---|---|---|---|---|
| **Revenue** | **96.0** | **89.5** | **54.5** | **-** | | **240.0** |
| Operating profit/(loss) | 5.1 | 3.2 | 1.4 | (0.7) | | 9.0 |
| Finance costs and other financial income and expense, net | | | | | | (4.2) |
| Share of profit of associates | | | | | | 0.2 |
| **Pre-tax profit for the period** | | | | | | **5.0** |
| Income tax expense | | | | | | (1.8) |
| Profit/(loss) from discontinued operations | | | | | | (0.2) |
| **Profit for the period** | | | | | | **3.0** |

(*) Chargeurs Interlining's operating profit includes a €1.1 million gain on the sale of a non-current asset.

| **First-half 2012 (restated to reflect the impact of applying IAS 19R)** *(in euro millions)* | **Chargeurs Protective Films** | **Chargeurs Interlining** | **Chargeurs Wool** | **Non-operating** | **Inter-segment eliminations*** | **Consolidated** |
|---|---|---|---|---|---|---|
| **Revenue** | **91.8** | **91.3** | **100.0** | **-** | **-** | **283.1** |
| Operating profit/(loss) | 5.0 | 3.5 | 3.1 | (1.2) | (1.9) | 8.5 |
| Finance costs and other financial income and expense, net | | | | | | (5.1) |
| Share of profit of associates | | | | | | 0.1 |
| **Pre-tax profit for the period** | | | | | | **3.5** |
| Income tax expense | | | | | | (1.6) |
| Profit/(loss) from discontinued operations | | | | | | (0.5) |
| **Profit for the period** | | | | | | **1.4** |

(*) Impact of Chargetex 35's acquisition of land and buildings from Intissel (Chargeurs Interlining).

### *30.2 Additional segment information*

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

| **First-half 2012** *(in euro millions)* | **Chargeurs Protective Films** | **Chargeurs Interlining** | **Chargeurs Wool** | **Non operating** | **Consolidated** |
|---|---|---|---|---|---|
| Depreciation | (1.4) | (2.7) | (1.0) | **-** | (5.1) |
| Impairment losses: | | | | | |
| - goodwill | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| - property, plant and equipment | | | | | |
| Impairment losses: | | | | | |
| - inventories | (0.3) | (0.8) | (0.3) | - | (1.4) |
| - trade receivables | - | 0.3 | - | - | 0.3 |

## *30.3 Segment assets and liabilities*

| **At June 30, 2013** *(in euro millions)* | **Chargeurs Protective Films** | **Chargeurs Interlining** | **Chargeurs Wool** | **Non-operating** | **Total** |
|---|---|---|---|---|---|
| Assets [a] | 131.1 | 139.9 | 59.2 | 10.6 | 340.8 |
| Liabilities [b] | 68.5 | 50.5 | 20.7 | 4.5 | 144.2 |
| **Capital employed** | **62.6** | **89.4** | **38.5** | **6.1** | **196.6** |
| Purchases of assets | 1.2 | 1.2 | 0.3 | 0.3 | 3.0 |

(a) Excluding cash and cash equivalents and receivables sold to factoring companies.
(b) Excluding equity attributable to owners of the parent, bank borrowings net of cash and cash equivalents, and factoring liabilities.

| **At December 31, 2012** *(in euro millions)* | **Chargeurs Protective Films** | **Chargeurs Interlining** | **Chargeurs Wool** | **Non-operating** | **Total** |
|---|---|---|---|---|---|
| Assets (a) | 126.7 | 139.7 | 75.3 | 10.0 | 351.7 |
| Liabilities (b) | 57.7 | 44.2 | 32.9 | 3.5 | 138.3 |
| **Capital employed** | **69.0** | **95.5** | **42.4** | **6.5** | **213.4** |
| Purchases of assets | 2.2 | 2.0 | 1.4 | 0.1 | 5.7 |

(a) Excluding cash and cash equivalents and receivables sold to factoring companies.
(b) Excluding equity attributable to owners of the parent, bank borrowings net of cash and cash equivalents, and factoring liabilities.

## 31. Seasonal fluctuations in business

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

## 32. Subsequent events

Chargeurs Interlining signed an agreement to sell its 49% interest in a manufacturing facility to its Chinese partner Ningbo Yak Technology Industrial Co Ltd, for an amount of €2.5 million.

In addition, Chargeurs is on the verge of signing a partnership agreement with a local entrepreneur in China that will lead to the sale of 26.4% of its wool combing operations in Zhangjiagang. The deal is expected to close following regulatory approval from the Chinese authorities. The disposal will complete Chargeurs Wool’s transformation into a services business with a global sales network and a minimum number of industrial assets held through partnerships.

CHARGEURS

# RELATED PARTY TRANSACTIONS

A description of related party transactions is provided in Note 29 to the condensed interim consolidated financial statements for the first-half of 2013. Related parties are companies that are up to 50%-owned under cooperation agreements. Chargeurs having significant influence over their management, those companies are therefore accounted for by the equity method. Those companies are industrial and sales companies.

During the first-half 2013, there were no material changes in the nature and volume of related party transactions.

August 28, 2013

CHARGEURS

## STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I declare that, to the best of my knowledge, (i) the condensed financial statements for the six months ended June 30, 2013 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the consolidated companies, and (ii) the interim management report includes a fair review of significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Paris, August 28, 2013

**Eduardo Malone**
Chairman and Chief Executive Officer

**CHARGEURS**

**STATUTORY AUDITORS’ REVIEW REPORT ON THE 2013 INTERIM FINANCIAL INFORMATION**

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

S & W Associés
8, avenue du Président Wilson
75116 Paris

**Statutory Auditors' Review Report**
**on the 2013 Interim Financial Information**

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

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

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Chargeurs, for the six months ended June 30th, 2013;
- the verification of the information contained in the interim management report.

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

## 1. Conclusion on the financial statements

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

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

Without qualifying our conclusion, we draw your attention to Notes 2.1 « Basis of preparation » and 19.a «Impacts of the first-time application of IAS 19R » to the condensed half-year consolidated financial statements, which describe the impacts of the retrospective adoption of IAS 19 revised, "employee benefits".

**2. Specific verification**

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

Neuilly-sur-Seine and Paris, August 28th, 2013
The Statutory Auditors

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| PricewaterhouseCoopers Audit | S & W Associés |
| Gérard Morin | Maryse Le Goff |