EXACOMPTA CLAIREFONTAINE

HALF-YEAR FINANCIAL REPORT

30 JUNE 2013

SA with share capital of €4,525,920 – Registered office 88480 ÉTIVAL-CLAIREFONTAINE
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Contents:

Exacompta Clairefontaine S.A.

Board of Directors

François Nusse, Chairman and Chief Executive Officer
Chairman of the Executive Board of Ets Charles Nusse
Chairman, Exacompta

Dominique Daridan

Charles Nusse
Chairman, Exaclair Ltd (GB)
Manager, Ernst Stadelmann (AT)
Joint Managing Director, Exaclair GmbH (DE)

Christine Nusse
Chairperson, Exaclair Inc. (USA)

Frédéric Nusse
Chairman, Papeteries de Clairefontaine
Chairman, Papeterie de Mandeure
Chairman, Everbal

Guillaume Nusse
Chairman, Clairefontaine Rhodia
Chairman, Décopatch
Joint Managing Director, Publiday Multidia (MA)

Jean-Claude Gilles Nusse, Senior Vice President
Member of the Ets Charles Nusse Executive Board
Manager, AFA

Jean-Marie Nusse, Senior Vice President
Member of the Ets Charles Nusse Executive Board

Jérôme Nusse
Chairman, Editions Quo Vadis

Monique Prissard, permanent representative of Ets Charles Nusse
Member of the Ets Charles Nusse Executive Board

Statutory Auditors

BATT AUDIT, 54500 Vandœuvre–lès–Nancy, France
Pascal François

SEREC AUDIT, 75015 Paris, France
Benoît Grenier

To the Shareholders,

1. REVIEW AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated results – (€000)	**H1 2013**	**H1 2012**
Income from ordinary activities (Revenue)	254,128	258,427
Operating profit/(loss)	-1,414	-2,792
Net income/(loss) before income tax	-1,665	-2,533
Net income/(loss) after income tax	-1,851	-2,796
Minority interests	-1	–
Group share	-1,850	-2,796

No changes in the consolidation scope occurred during the first half of 2013.

The consolidated cash flow of the Exacompta Clairefontaine Group for the first half of 2013 was €11,352,000, compared to €10,803,000 for the first half of 2012.

1.1 PAPER PRODUCTION

In a market where consumption of printing and writing paper is falling, the paper industry, which covers a diversified mix of products (including fine paper - heavy paper, recycled paper and security paper) managed to boost volumes but was hard hit by the pressure on sales prices and rising purchase prices of fibre raw materials and energy.

In this environment, all companies have attempted to minimise costs while maintaining productivity levels.

1.2 PROCESSING

According to UFIPA, demand over the entire French paper market is falling by 4% every six months. Naturally, this general slowdown is dampening the Group's sales both in France and abroad.

While Processing first half revenues are always much lower than second half revenues due to major seasonal factors, earnings improved even though Processing still posted a loss. The Group maintains and develops commercial opportunities for the Processing sector based on a broad product offering, including office and filing articles, school stationery, calendars, diaries and craft products.
The Group constantly launches new paper products and is on the lookout for opportunities for growth.

1.3 FINANCIAL POSITION - DEBT

As at 30 June 2013, with revenues of €254,128,000, Group borrowings amounted to €106,736,000 and shareholders' equity totalled €361,927,000.

The Group has negotiated lines of credit with its banks totalling €127 million. At 30 June 2013, the balance of these lines of credit was €35 million. The Group also issued commercial paper, which amounted to €65 million at 30 June 2013 out of a global programme of €125 million.

At 30 June 2013 the Group held cash of €58,084,000 - sufficient to fund capital expenditure and other costs. Group net debt amounted to €48,652,000.

1.4 OTHER ITEMS

In respect of EXACOMPTA CLAIREFONTAINE as the Group parent company:

There is no share buyback programme and there are no employee shareholders.

The principal shareholder, Etablissements Charles Nusse, holds 910,395 shares with double voting rights, representing 80.46% of the share capital at 30 June 2013. Financière de l'Echiquier, a minority shareholder, holds more than 5% of the share capital.

2. RESEARCH AND DEVELOPMENT

Group companies participate in various research programmes in cooperation with the Grenoble Paper Technical Centre and various university laboratories.

Development projects are mainly geared towards the product ranges.

3. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

3.1 EMPLOYMENT INFORMATION

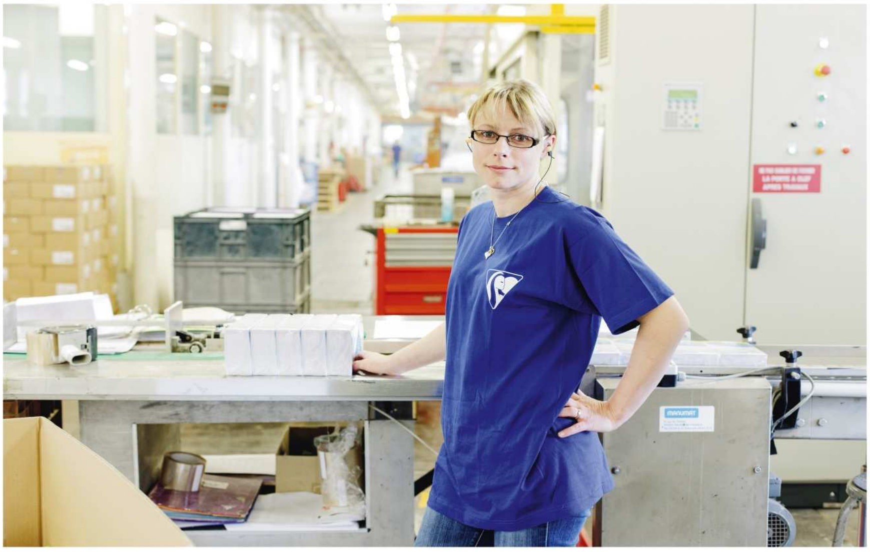
The social and environmental report for 2012 was published for the Exacompta Clairefontaine Group shareholders' meeting on 29 May 2013. The report includes all information related to staff management, company employees, safety, occupational hazard prevention, training, apprenticeship and gender equality. The report was certified by Bureau Veritas. All information is regularly updated and will be published annually.

↳ Staff

The Exacompta Clairefontaine Group had 3,143 employees at 30 June 2013, compared to 3,226 at 30 June 2012.
Group companies principally apply the collective staff agreement for the production of paper, cardboard and cellulose, or the collective staff agreement for stationery.

↳ Group Works Council

The Group's Works Council, which met on 12 June 2013, commented on its operations and on the economic and employment outlook.



↳ Safety and working conditions - Prevention of arduous work

The law defines arduousness of work as the fact of being, or having been at some stage of one's professional career, exposed to occupational hazards linked to significant physical constraints, a hostile physical environment or specific working hours that could have a permanent, identifiable and irreversible impact on the employee's health.
The law defines ten risk factors:

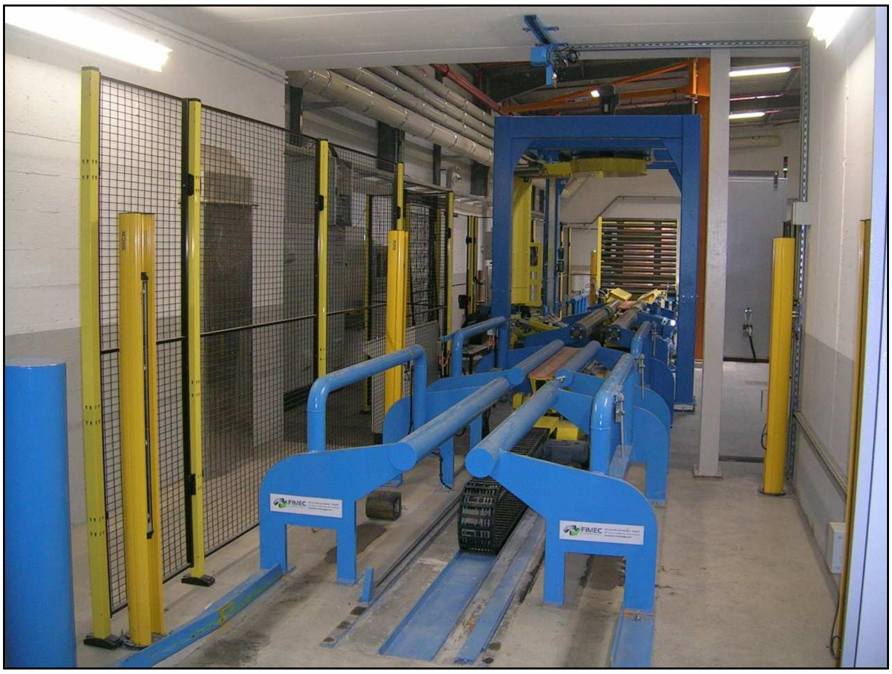
- in respect of significant physical constraints:
  - physical handling of loads
  - arduous bodily postures, defined as forced limb positions
  - mechanical vibrations

- in respect of hostile environment:
  - dangerous chemicals
  - working in high atmospheric pressure environments (*not applicable to our plants)*
  - extreme temperatures
  - noise

- in respect of constraints related to working hours:
  - night work under conditions defined by the French employment code
  - shift work
  - repetitive work consisting in the repetition of the same action at high speed, forced or not forced by the automatic movement of a part, subject to a predetermined time cycle.

In general, allowance is already made for these risks in the occupational hazard assessments carried out by each of the Group's units.

Measures are then implemented to eliminate or mitigate employees' exposure to identified risks.
The new packaging line for paper reels produced by Papeteries de Clairefontaine has been designed in view of these considerations - the amount of physical handling of heavy loads is sharply reduced. Packaging operations are automatic and intermediate handling operations are performed by means of reel movers or forklift trucks.



The new reel packaging line at Papeteries de Clairefontaine

3.2 ENVIRONMENTAL INFORMATION

Monitoring of gross CO_2 emissions at the Group's French paper mills

The CO_2 emission allowance trading scheme is entering its third phase, which will run from 2013 to 2020.

The new methods used to determine the allocations will significantly reduce the quantity of allowances allocated to the plants. The exact quantities are not yet known, as the national allocation plan has not yet been published.

Site	CO_2 emissions (tonnes)		Change
	H1 2013	H1 2012	
CLAIREFONTAINE	40,920	39,911	↑ 2.5 %
MANDEURE	4,947	4,828	↑ 2.5 %
EVERBAL	2,724	5,379	↓ 49.4 %
Total	**48,590**	**50,118**	**↓ 3.1%**

Site	Gross production (tonnes)		Change
	H1 2013	H1 2012	
CLAIREFONTAINE	94,077	87,202	↑ 7.9 %
MANDEURE	18,298	16,613	↑ 10.2 %
EVERBAL	21,170	21,114	↑ 0.3 %
Total	**133,545**	**124,929**	↑ 6.9 %

CO_2 emissions at Clairefontaine and Mandeure have increased due to increased activity during the first half of 2013 compared to the same period last year.
However, total gross CO_2 emissions are down due to the commissioning of the new biomass boiler at Everbal. As a result of this new facility, the site's fossil fuel CO_2 emissions will be close to zero.

Changes in environmental regulations

The drive to simplify administrative paperwork apparently does not apply to environmental regulations…

The transposition of the European industrial emissions directive (IED) into French law was completed on 2 May 2013 through the publication of a number of ministerial decrees and orders.

Henceforth, emissions from industrial plants must not exceed the emission levels associated with best available techniques (BAT) as defined in the BREF (Best available techniques REFerences document) applicable to every industry.
A revised version of the paper industry BREF is due to be issued before the end of 2013.

Reviews of conditions for authorising site operation will henceforth be scheduled in accordance with the release of BAT updates. Site operators will be required to submit a review application to the Prefect of the region within 12 months following the publication of the update.

They will also be required to prepare a Baseline Report specifying the state of the soil and groundwater where their operations involve the use, manufacture and/or discharge of hazardous products entailing a risk of contamination.

These new provisions will apply to the 40 new categories of ICPE classified facilities that have been created to coincide with their publication.

They will also apply to our paper production sites, in particular under the following sections:

- 3110 Combustion (thermal output ≥ 50 MW)
- 3610 Manufacture of pulp, paper, cardboard, wood-based panels (for paper, if production is > 20 t/d).

4. OUTLOOK

4.1 GENERAL OUTLOOK

The outlook for the Group's markets is still uncertain. While raw material and energy prices for some products are rising, sales prices remain under pressure. We will continue to focus on supplying high quality products. 2013 full year Group earnings are expected to be similar to 2012 earnings, which came in close to break even.

4.2 RISKS AND UNCERTAINTIES

Due to the nature of its operations, the Group is exposed to various risks and a number of uncertainties.

- Raw materials and energy risk management

The first uncertainty is related to the price of raw materials. This is mitigated by means of a highly diversified raw material procurement policy involving large bulk purchases.

In financial terms, these purchases are divided equally between US dollar cash payments and forward purchases with a liquidation option. Rising raw material costs are eventually passed on to the customer in the sales price depending on market conditions.

For energy requirements (gas, electricity), our plants are covered by long-term contracts. Papeteries de Clairefontaine and Everbal have subscribed to Exeltium for 7.5 MW of capacity, enabling these plants to obtain their energy supply under more favourable market conditions.

A new bioenergy production facility has been launched at Everbal in order to help smooth out energy costs.

Our CO_2 emission allowances are expected to decrease over the coming years. However, the quality of our technical management over the previous years should ensure that we retain a sufficient quantity of allowances.

To encourage sales, our plants are ISO 9000 and 14001 certified. All raw materials are FSC or PEFC certified, in accordance with market requirements.

- Management of financial risk

Generally, the Exacompta Clairefontaine Group does not engage in any complex financial transactions. Financial risk management is provided by the operating units in accordance with the policy defined by Group Senior Management.

Credit risk

Credit risks represent the risk of financial loss for the Group if a third party fails to meet its contractual obligations.

→ Trade and other receivables
Credit risk is spread over a large number of customers. The Group has set up tools to monitor outstanding amounts and the risk is limited by credit insurance policies.

→ Investments
The Group limits its exposure to the credit risk on investments, short-term deposits and other cash instruments by investing only in liquid securities; the counterparties are leading banks.

Liquidity risk

The Group's approach to managing this risk is to ensure that it always has sufficient liquid assets to meet its liabilities when due without incurring unacceptable losses or damaging its reputation. For this purpose, short-term financing arrangements are in place along with lines of credit that cover medium-term payments.

Foreign exchange risk

The Group operates internationally, but has little exposure to foreign exchange risks because of the local presence of its main subsidiaries. The risks related to commercial transactions are primarily those related to purchases of raw materials, which are 50% covered by option contracts.

Exacompta Clairefontaine S.A.

Consolidated financial statements for the 6 months ended 30 June 2013

Half-year consolidated financial statements

Consolidated balance sheet

€000	30/06/2013	31/12/2012	Notes
NON-CURRENT ASSETS	**243,051**	**242,977**	
Intangible assets	12,871	15,335	(2.1.4)
Intangible assets – Goodwill	10,620	10,620	(2.1.4)
Property, plant and equipment	216,116	213,134	(2.1.5)
Financial assets	2,890	3,359	(2.1.6)
Deferred taxes	554	529	(2.4)
CURRENT ASSETS	**391,464**	**330,456**	
Inventories	187,062	167,061	(2.2.1)
Trade and other receivables	143,261	101,608	(2.2.2)
Advances	1,518	3,975	
Taxes receivable	1,539	804	
Cash and cash equivalents	58,084	57,008	(2.2.3)
TOTAL ASSETS	**634,515**	**573,433**	

SHAREHOLDERS' EQUITY	**361,927**	**364,754**	
Share capital	4,526	4,526	
Reserves related to capital	256,320	253,902	
Consolidated reserves	104,051	107,599	
Currency translation reserve	-1,164	-726	
Profit/(loss) – Group share	-1,850	-592	
Shareholders' equity – Group share	**361,883**	**364,709**	
Minority interests	44	45	
NON-CURRENT LIABILITIES	**49,229**	**46,835**	
Interest-bearing debt	2,063	395	(2.6)
Deferred taxes	29,930	29,694	(2.4)
Provisions	17,236	16,746	(2.5)
CURRENT LIABILITIES	**223,359**	**161,844**	
Trade payables	56,219	47,699	
Short-term portion of interest-bearing debt	104,673	61,909	(2.6)
Provisions	3,501	3,302	(2.5)
Tax liabilities			
Other payables	58,966	48,934	(2.8)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**634,515**	**573,433**	

Consolidated income statement

€000	H1 2013	H1 2012	Notes
Income from ordinary activities	254,128	258,427	
- Sales of products	250,696	254,905	
- Sales of services	3,432	3,522	
Other operating income	2,562	3,409	
- Reversal of depreciation/amortisation	76	124	(2.1.4, 2.1.5)
- Subsidies	9	15	
- Other income	2,477	3,270	
Change in inventories of finished products and work-in-process	18,294	18,596	(2.2.1)
Capitalised production costs	151	345	
Goods and materials used	-135,817	-139,260	(2.2.1)
External expenses	-43,021	-44,413	
Personnel expenses	-74,926	-76,273	(2.11)
Taxes and duties	-6,299	-6,153	
Depreciation/amortisation	-12,637	-12,507	(2.1.4, 2.1.5)
Other operating expenses	-3,849	-4,963	
OPERATING PROFIT/(LOSS) – before goodwill impairment	**-1,414**	**-2,792**	
Goodwill impairment			(2.1.4, 2.1.1)
OPERATING PROFIT/(LOSS) – after goodwill impairment	**-1,414**	**-2,792**	
Financial income	1,300	1,642	
Financial expenses	-1,551	-1,383	
Net financial items	-251	259	(2.12)
Income taxes	-186	-263	(2.4.2.10)
Income/(loss) after tax	**-1,851**	**-2,796**	

Net income/(loss) – minority share	**-1**	**0**	
Net income/(loss) – Group share	**-1,850**	**-2,796**	

Income/(loss) for the period	-1,850	-2,796	
Number of shares	1,131,480	1,131,480	(2.3)
EARNINGS PER SHARE (basic and diluted)	**-1.63**	**-2.47**	

Comprehensive income statement

€000	H1 2013	H1 2012
Net income/(loss) for the period	**-1,851**	**-2,796**
Currency translation differences resulting from the conversion of foreign entities' financial statements	-440	236
Total comprehensive income/(loss)	**-2,291**	**-2,560**
Attributable to:		
- minority interests	-1	0
- the Group	-2,290	-2,560

Statement of changes in consolidated shareholders' equity

€000	Shareholders' equity – Group share	Shareholders' equity – minority share	Total shareholders' equity
Balance at 31/12/2011	**366,611**	**46**	**366,657**
Currency translation difference	-179		-179
Other changes			-
Total from transactions not affecting earnings	-179		-179
Profit/(loss) for the year	-592	-1	-593
Dividends	-1,131		-1,131
Balance at 31/12/2012	**364,709**	**45**	**364,754**
Currency translation difference	-440		-440
Other changes	30		30
Total from transactions not affecting earnings	-410	–	-410
Profit/(loss) for the year	-1,850	-1	-1,851
Dividends*	-566		-566
Balance at 30/06/2013	**361,883**	**44**	**361,927**

* €0.50 per share

Statement of consolidated cash flows

The opening and closing cash in the cash flow statement is determined as follows:

€000	30/06/2013	31/12/2012	Notes
Cash and cash equivalents in assets	58,084	57,008	(assets)
Bank overdrafts payable on demand	-104,665	-61,907	(2.6)
Accrued interest on debt	-8	-2	(2.6)
Cash in statement of changes in cash flow	**-46,589**	**-4,901**	

The reconciliation with the "Short-term portion of interest-bearing debt" recorded in liabilities is presented in Note 2.6.

Change in cash flows

€000	H1 2013	2012	Notes
Total consolidated net income/(loss)	**-1,851**	**-593**	
Non-operating and non-cash income and expense:			
• Depreciation, amortisation and provisions	13,291	27,037	(2.1.4 to 2.1.6, 2.5)
• Change in deferred taxes	236	637	(2.4)
• Gains on sales, net of taxes	85	-154	
• Currency translation adjustments	-440	-179	
• Other	31		
Cash flow of consolidated companies	*11,352*	*26,748*	
• Change in working capital for operations	-40,672	8,859	Balance sheet
• Change related to income taxes	-561	3,324	
• Income taxes paid	-174	-1,919	
(1) Net cash flow from operating activities	**-30,055**	**37,012**	
• Purchases of fixed assets	-15,406	-30,009	(2.1.4 to 2.1.6)
• Sales of fixed assets	2,671	2,484	
• Effect of changes in consolidation– purchases			
• Effect of changes in consolidation– sales		16	
(2) Cash flow from investing activities	**-12,373**	**-27,599**	
• Dividends paid	-4,313	-5,833	(Change in shareholders' equity)
• Dividends received	3,747	4,702	
• Borrowings	2,214	686	
• Loans repaid	-792	-17,294	
• Interest paid	-214	-686	
• Interest received	460	731	
(3) Cash flow from financing activities	**1,102**	**-17,694**	
(1+2+3) Total cash flow	**-41,688**	**-8,281**	

Opening cash	-4,901	3,380
Closing cash	-46,589	-4,901
Change in cash	**-41,688**	**-8,281**

<u>Presentation of the consolidated financial statements</u>

1- General principles – statement of compliance

The consolidated financial statements of the EXACOMPTA CLAIREFONTAINE Group were prepared in accordance with the IFRS (International Financial Reporting Standards), as adopted within the European Union.
The consolidated interim financial statements of the Exacompta Clairefontaine Group were prepared in accordance with IAS 34 – *Interim financial reporting*. The Group has opted to present a complete set of interim financial statements.
The consolidated financial statements of the Exacompta Clairefontaine Group were approved by the Board of Directors on 30 August 2013.

2- Adoption of international standards

➢ <u>Mandatory standards, amendments and interpretations in 2013:</u>

- IFRS 13 – *Fair value measurement*
- Amendments to IFRS 1 – *Government loans*
- Amendments to IFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*
- Amendments to IAS 1 – *Presentation of items of other comprehensive income*
- Amendments to IAS 12 – *Deferred tax: recovery of underlying assets*
- Amendments to IAS 19 – *Employee benefits*
- Annual improvements – *2009-2011 cycle*

The adoption of the aforementioned standards and amendments did not have a material impact on the Group's consolidated financial statements.

➢ <u>Standards, amendments and interpretations adopted by the European Union and mandatory after 2013</u>

- IFRS 10 – *Consolidated financial statements*
- IFRS 11 – *Joint arrangements*
- IFRS 12 – *Disclosure of interests in other entities*
- IAS 27 revised 2011 – *Separate financial statements*
- IAS 28 revised 2011 – *Investments in associates and joint ventures*
- Amendments to IAS 32 – *Presentation - Offsetting financial assets and financial liabilities*
- Amendments to IFRS 10, 11 and 12 - *Transition guidance*

The Group did not apply any optional standard, amendment or interpretation.
The impacts of these new standards are currently being studied. However, the Group does not expect them to have a material impact on the financial statements.

➢ <u>Standards and amendments not yet adopted by the European Union</u>

- IFRS 9 - *Financial instruments*
- Amendments to IFRS 10 and 12 and IAS 27 – *Investment entities*

The impacts of these new standards and amendments are currently being studied.

3- Bases of preparation of the financial statements

The financial statements are presented in euros, rounded to the nearest one thousand euros. They are prepared on the basis of historical cost, with the exception of financial instruments, which are shown at their fair value.

The preparation of the financial statements according to IFRS requires the exercise of judgement by Management in making estimates and assumptions that have an impact on the application of the accounting methods and on the amounts of the assets, liabilities, revenues and expenses.
The underlying estimates and assumptions are made based on past experience and other factors deemed reasonable in view of the circumstances. They also form the basis for the exercise of judgement required for determining the book values of assets and liabilities that cannot be obtained directly from other sources. The real values may differ from the estimated values.
The estimates and underlying assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recorded during the period in which the change occurs and all subsequent periods affected.

The accounting methods described below have been applied on a consistent basis to all the periods presented in the consolidated financial statements. Furthermore, said methods have been applied uniformly to all the entities of the Exacompta Clairefontaine Group.

4- Consolidation of subsidiaries

The consolidated financial statements include the financial statements of the parent company, Exacompta Clairefontaine, and those of the entities controlled by the parent company (the "subsidiaries").
Control means the power to direct, directly or indirectly, the financial and operating policies of the entity in order to obtain benefits from its activities.
The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control was obtained, and until the date on which control is no longer held.

The balances shown in the balance sheet, unrealised losses and gains, and the revenues and expenses resulting from Group transactions are eliminated in the consolidation.
Unrealised gains arising from transactions with affiliates are eliminated in proportion to the Group's equity interest.
Unrealised losses are eliminated in the same way, but only if they do not represent a loss in value.

5- Foreign currencies

The individual financial statements of each of the Group's entities are presented in the currency of the economic environment in which that entity operates. For the purposes of the consolidated financial statements, the profit or loss and the financial position of each entity are stated in euros, which is the functional currency of Exacompta Clairefontaine S.A. and the currency in which the consolidated financial statements are presented.

Transactions in foreign currency are recorded at the exchange rate in effect on the date of the transaction.
Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are converted to euros at the closing rate. The currency translation differences resulting from this conversion are recorded in the income statement as income or expense, as applicable.

The assets and liabilities of each individual entity that engages in its activity abroad are converted to euros at the exchange rates in effect at the balance sheet date. Income and expenses are converted at the average exchange rates for the period, which is a sufficient approximation of the rates on the transaction dates, in the absence of significant fluctuations.
The currency translation differences resulting from the conversion are recorded under currency translation adjustment as a separate shareholders' equity account.

6- Business combinations

Acquisitions of subsidiaries are recorded using the acquisition method set forth in revised IFRS 3. The identifiable assets acquired and the liabilities taken over are measured at their fair value as at the acquisition date, which is the date on which control of the entity is taken.

The goodwill acquired as part of a business combination is recorded as an asset and is valued as the excess [a - b] of:

a) the sum of the consideration transferred, the non-controlling interest in the acquired entity and, in the case of a step acquisition, the fair value of the previously held interest as at the acquisition date, over
b) the book value, as at the acquisition date, of the identifiable assets acquired and liabilities taken over.

If a business combination takes place under favourable conditions, the purchaser records the corresponding profit under income as at the acquisition date.

A business combination involving a number of entities under common control is a grouping in which all of the entities or the activities that are grouped are controlled by the same party, both before and after the combination, and this control is not temporary.
In the absence of specific provisions in the standards, the Group applies the book value method to all operations involving the entities under common control.

7- Property, plant and equipment

The land and buildings held by the Group are intended for use in the production or supply of goods and services, or for administrative purposes.
The Group does not hold any significant real estate that falls within the category of investment property. The industrial facilities and other equipment are assets held in respect of activities related to the production or supply of goods and services.

All of the property, plant and equipment owned by the Group are recorded at the initial purchase cost, less accumulated depreciation and impairment.
Property, plant and equipment under construction are assets intended for use in production and are recorded at cost, less any impairment identified.
When the components of fixed assets have different useful lives, they are recorded as separate assets. All current service and maintenance costs are recorded as expenses at the time they are incurred.

Lease agreements that involve the transfer to the Group of nearly all of the risks and benefits inherent in owning an asset are classified as finance lease agreements.
The respective assets are booked as fixed assets at their fair value or, if lower, at the discounted value of the minimum lease payments less accumulated depreciation and impairment, as the offset to a financial liability. The minimum payments under these agreements are divided between financial expenses and amortisation of the debt. The financial expense is charged to each period covered by the finance lease agreement so as to obtain a constant periodic interest rate on the balance of the remaining debt shown in liabilities.
These assets are depreciated over their expected useful life on the same basis as owned assets.

Depreciation is recognised as expenses using the straight line method, without any residual value. The depreciation is calculated based on the estimated useful life of each component of fixed assets on the following bases and by year:

- Land not depreciated
- Buildings 25 to 40 years
- Fixtures and furnishings 10 to 20 years
- Plant and equipment 10 to 20 years
- Other office supplies and computer hardware 3 to 10 years

The useful life of the main assets is reviewed when the accounts are closed. If necessary, the change in the useful life is recorded on a prospective basis as a change in an accounting estimate.

8- Intangible assets

Research and development costs

Research costs are recorded as expenses in the year in which they are incurred.
Development expenses are recorded as a non-current asset if the costs can be reliably measured and if the Group can demonstrate the technical and commercial feasibility of the product or procedure, the existence of probable future economic benefits and its intention, as well as the availability of sufficient resources, to complete the development and use or sell the asset.

When the requirements for recording development expenses in assets are not met, they are recognised as expenses for the year in which they are incurred.
A review of the costs incurred led the Group not to book development expenses.

Greenhouse gas emission rights

The paper subsidiaries of the Group engage in an activity that is regulated by Order no. 2004-330 of 15 April 2004, with the adaptation to French law, in the environmental code, of directive 2003/87/EC of the European Parliament and the Council, establishing a scheme for trading greenhouse gas emission allowances, adopted on 13 October 2003.

An allowance is a unit of account that represents the emission of one tonne of carbon dioxide. The new greenhouse gas emission allowance allocation period runs from 2013 to 2020.

The accounting regulations in force until 31 December 2012 have been repealed. The new regulations come into force on 1 January 2013.
The Group applies the accounting principles set forth in Regulation no. 2012-03 of 4 October on the accounting treatment of greenhouse gas emission allowances and similar units, as adopted by the French accounting standards authority ("*Autorité des normes comptables*") and published in the French government's official journal on 30 December 2012.

Pursuant to the regulation, the Group applies the "production" model, in which the holding of allowances is linked to a production process that generates greenhouse gas emissions. The allowances are used in order to comply with the requirement to surrender them to the State.

The main features of the model applied by the Group are as follows:

- The allowances are recorded under inventories
  - Allowances allocated by the State are recorded at zero value. They are treated purely in terms of volume.
  - Purchased allowances are recorded at purchase cost.
- Balance-sheet valuation
  - An impairment charge is recorded when the present value of inventories is lower than the book value.
  - No specific valuation is carried out in the case of allocated allowances, as they are recorded at zero value.
- Inventory withdrawal
  - The allowances are withdrawn from inventories on an ongoing basis in line with actual CO_2 emissions. Allocated allowances have no impact on the financial statements.
  - Any gains or losses arising from the sale of emission allowances are recorded under operating profit.

- Requirements related to greenhouse gas emissions
  - The basic requirement to surrender the CO_2 emission allowances in accordance with emissions produced remains unchanged from the previous allocation periods.
  - At the end of each reporting period, if the Group lacks a sufficient number of allowances [allocated + purchased] to meet its obligation to surrender allowances to the State, a liability representing the value of missing allowances to be purchased is recorded.

Goodwill

Goodwill arises from the acquisition of subsidiaries. Goodwill is the difference between the acquisition cost and the fair value of identifiable net assets minus contingent liabilities. Following the application of revised IFRS 3 – *Business Combinations*, as of 1 January 2010 goodwill is measured in accordance with the principles described in paragraph 6 above. Goodwill recorded prior to this date is not adjusted.

Goodwill is valued at cost, less accumulated impairment.

For the purposes of impairment testing, goodwill is allocated to cash generating units (CGUs) or groups of CGUs consisting mainly of subsidiaries or groups of subsidiaries with synergies. Most of these CGUs are outside the consolidated Group, and they are smaller in size than the operating segments defined by IFRS 8 *Operating segments*.
Impairment tests are carried out on all cash generating units to which goodwill is allocated; these tests are performed annually, and at each account statement date if there is an indication that the unit may have lost value, using the discounted future cash flows method. The future cash flows are calculated for an average period of 5 years, are discounted at a rate between 8% and 10%, and include a terminal value. There is no major variation in the principal key assumptions used to calculate expected cash flows.
If the recoverable value of the cash generating unit is less than that unit's book value, the loss in value is first allocated to reducing the book value of any goodwill allocated to that cash generating unit, and then to other assets of the unit, pro rata to the book value of each asset in the unit.
Impairment of goodwill recorded in the income statement is not reversed in a subsequent period.

Trademarks

Trademarks are recorded as intangible assets at their fair value, which is determined on the purchase date. In the absence of a foreseeable limit on their capacity to generate net cash flows, the useful life of the trademarks used by the Group is considered to be indefinite.

They are not amortised but undergo an impairment test once a year and at each account statement date if there is an indication of any loss in value. The recoverable value is determined based on expected cash flows discounted at the rate of 8%.

The internally generated expenses related to trademarks are recorded in expenses when they are incurred.

Other intangible assets

Other intangible assets that have been acquired by the Group are recorded at their cost, less amortisation and accumulated impairment.
Amortisation is recorded as expenses using the straight line method over the estimated useful life, on the following bases and by year:

- Patents, licences and software	3 to 8 years
- Other intangible assets	5 to 10 years

9- Impairment of property, plant and equipment and intangible assets (excluding goodwill and trademarks)

At the end of each period, the Group reviews the book values of property, plant and equipment and intangible assets in order to determine whether there is any indication that an asset has suffered impairment. If it has, the recoverable value of the asset is estimated in order to determine the potential impairment.

The recoverable value of an asset is the higher of the fair value less costs to sell and the value in use. The value in use is estimated using the discounted future cash flows method. If the recoverable value is estimated to be less than the book value, impairment is recognised immediately in expenses in the income statement.
Impairment recorded for an asset during a prior period may be reversed if there has been a change in the estimates used to determine the recoverable value. However, this book value, increased because of a reversal of impairment, may not exceed the book value that would have been determined, net of depreciation or amortisation, if no impairment had been recorded. The reversal of impairment is recorded in the income statement.

10- Financial assets

Unconsolidated equity interests are classified as assets available for sale, and are valued at their fair value; changes in that fair value are recorded in shareholders' equity.
If the fair value cannot be reliably estimated, the interests continue to be valued at the purchase cost. In the event of a write-down, the loss in value is recorded in the income statement.

Intercompany receivables and other non-current financial assets are valued at fair value when initially recorded and at the amortised cost at the time of subsequent valuations.

11- Trade and other receivables

Trade and other receivables are included in the IAS 39 category "loans and receivables". They are valued at their fair value when initially recognised and at cost at the time of subsequent valuations. Any losses in value are recorded in the income statement when the recoverable value is less than the book value.

12- Inventories

Inventories are recorded at the lower of cost and net realisable value. The net realisable value is the estimated sales price in the normal course of activity, less the estimated costs for completion and the estimated costs to make the sale.
The cost includes direct raw materials costs and direct labour costs, and directly attributable general expenses incurred to put the inventories in place in their existing condition. In general, the cost is calculated using the weighted average cost method.

13- Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and short-term investments in money market instruments. These investments can be converted into a known amount of cash within one month at most and are subject to a negligible risk of a change in value.
Marketable securities are classified under assets held for trading.
Bank overdrafts repayable on demand and current borrowings, which are an integral part of the Group's cash management, are included in cash and cash equivalents for the purposes of the cash flow statement.

14- Derivative financial instruments

The Group uses financial derivatives instruments to limit its exposure to the interest rate risks resulting from its operating, financing and investing activities.

The Group does not apply hedge accounting (cash flow and fair value hedges). Financial derivatives instruments are included in financial assets and liabilities, at their fair value through profit/loss. The profit or loss resulting from subsequent valuations of the fair value is recorded immediately in income.
Interest rate swaps, caps and floors are recorded at fair value, which corresponds to the price that would be exchanged between knowledgeable and willing parties in an arm's length transaction. This value is communicated by the financial institutions with which these instruments are contracted.

15- Interest-bearing debt

All financial instruments are initially valued at their fair value and at their amortised cost at the time of subsequent valuations.
Transaction costs are included in the initial valuation of the financial instruments that are not valued at fair value through profit or loss. The transaction costs are the marginal costs directly attributable to the purchase or issuance of a financial instrument and do not include internal administration costs.
All loan expenses are recorded as expenses for the period in which they are incurred.

16- Employee benefits

Defined contribution plans

Payments to a defined contribution plan are recorded as expenses at the time they are incurred.

Provisions for pensions

The Group's net liability for defined benefit plans is estimated separately for each scheme by estimating the amount of the future benefits acquired by personnel in exchange for services rendered during the present and prior periods.

This amount is discounted to determine its present value, and is reduced by the fair value of the assets of the scheme. The discount rate is determined using the market rate of OATs (French treasury bonds) on the balance sheet date, based on blue chip corporate bonds. The calculations are performed using the projected credit unit method. All actuarial adjustments are recorded immediately in expenses for the period.

17- Provisions

A provision is recorded in the balance sheet when the Group has a current legal obligation or an implicit obligation resulting from a prior event, and it is probable that that an outflow of resources representing economic benefits will be necessary to satisfy the obligation.
A restructuring provision is recorded when a transaction is approved by the Group and has been the subject of a communication.
The amount recorded in provisions is the best estimate of the expense that will be required to satisfy the obligation, and it is updated when the effect is significant.

18- Income

Income from ordinary activities

Sales of products and services are valued at the fair value of the consideration received or receivable, net of trade discounts and sales taxes.

Sales of goods are recorded in the income statement at the time of delivery of the goods and transfer of ownership to the buyer, who takes on their risks and benefits.
Income obtained from provision of services is recorded in the income statement based on the degree of progress in provision of the service at the balance sheet date, and is valued based on the work performed.

Public subsidies

The public subsidies that offset some expenses incurred by the Group are recorded systematically as income in the income statement, for the period in which the expenses are incurred.
The subsidies that cover all or part of the costs of an asset are deducted from this asset to determine its cost price.
The subsidy is recorded as income over the useful life of the asset and can be amortised through a decrease in the depreciation expense.

19- Expenses

Payments under operating leases

Payments under operating leases are recognised as expenses on a straight line basis over the term of the lease.
The benefits received or receivable by the lessee are recorded as income according to the same rule, spread out over the term of the lease.

Net financial items

Net financial items include interest payable on loans and cash liabilities, interest receivable on investments, foreign exchange gains and losses, and gains and losses on financial instruments. All are recorded in the income statement.

20- Income tax

Income taxes include the tax expense or income due, and the deferred tax expense or income. The tax is recorded in income unless it is related to items that are recorded directly in shareholders' equity, in which case it is also recorded in shareholders' equity.

The *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE – French business value added tax) does not qualify as an income tax and does not come within the scope of IAS 12. The contributions are recorded under operating expenses.

The tax payable is the estimated tax due on taxable income for a period and any adjustment of the amount of tax payable for prior periods.
It is determined by using the tax rates that have been adopted or nearly adopted at the closing date.

The deferred tax is determined using the accrual method for all timing differences between the book value of the assets and liabilities and their tax bases, by using the tax rates that were adopted or nearly adopted at the closing date.

The following items do not result in deferred taxes:

- Goodwill not deductible for tax purposes;
- Initial recording of an asset or liability that affects neither accounting income nor taxable income (except in the case of a business combination).

A deferred tax asset is not recorded unless it is probable that the Group will have future taxable income against which this asset can be charged. Deferred tax assets are reduced when it is no longer probable that sufficient taxable income will be available.
Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities due, and when they involve taxes on income withheld by the same tax authority and the Group intends to pay them based on their net amount.

21- Management of financial risk

Generally, the Exacompta Clairefontaine Group does not engage in any complex financial transactions. However, it is exposed to certain risks related to the use of financial instruments in the context of its activities.
Risk management is performed by the operating units, in accordance with the policy established by Senior Management.

Market risks

Exposure to market risks consists mainly of exchange rate and interest rate risks.

- Foreign exchange risk

The Group operates internationally, but has little exposure to foreign exchange risks because of the local presence of its main subsidiaries. Risks related to commercial transactions denominated in a currency other than the respective functional currencies of Group entities are related mainly to purchases of raw materials.
In order to manage exchange rate risk, the Group hedges approximately 50% of its anticipated future transactions in each significant currency for the coming three months, using options contracts.
Changes in exchange rates had no material impact on the income statement or shareholders' equity at 30 June 2013.

- Interest rate risk

The risk to which the Group is exposed comes from borrowings. The borrowings initially undertaken at floating rates expose the Group to the risk of cash flow changes. Accordingly, the Group enters into interest rate swap contracts.

Liquidity risk

The Group's approach to managing this risk is to ensure that it always has sufficient liquid assets to meet its liabilities as they fall due without incurring unacceptable losses or damaging its reputation.
To this effect, short-term financing (maturities of less than one year) is provided by commercial paper on which a fixed rate is paid.
The Group also has lines of credit to cover medium- and long-term maturities.

Credit risk

Credit risk represents the risk of financial loss for the Group if a client or counterparty to a financial instrument fails to perform its contractual obligations.

- Trade and other receivables

The concentration of credit risk is not significant. It is divided among a large number of clients. The risk of default by business sector and country in which the clients engage in their activities does not have a significant influence on credit risk.

The Group has implemented tools to monitor outstandings that enable it to ensure that its clients have an appropriate credit risk history. Clients that do not satisfy solvency requirements cannot carry out transactions with the Group without making advance payments. In addition, credit risk is limited by taking out credit insurance contracts.
The Group determines a level of write-downs that represent its estimate of losses that will be incurred in respect of trade and other receivables. Losses in value correspond to specific losses related to individual risks.
The amounts presented in the balance sheet are net of losses in value recorded.

- Investments

The Group limits its exposure to credit risk from investments, short-term deposits and other cash instruments, by investing only in liquid securities.
As the counterparties are leading banks, the Group does not expect that any of them will default.

22- Segment information

Based on the Group's internal organisation, the operating segments for financial reporting purposes are defined by area of activity.

The main activities, by area of activity, are as follows:

- Paper: production, finishing and formatting of paper
- Processing: manufacture of stationery, office and filing articles

Transactions between the different operating segments are carried out on arm's length terms.

Segment information by geographic area is also presented and is divided by revenues and sales-to-customer area and, for other information, by the area in which the consolidated companies are located.

Notes to the consolidated financial statements

1. CONSOLIDATED ENTITIES

All the companies have been consolidated at 30 June 2013 using the full consolidation method (F.C.).

Name	Address	% interest	% controlling interest	Consolidation method	SIREN No.
EXACOMPTA CLAIREFONTAINE	88480 ETIVAL CLAIREFONTAINE			Parent company	505 780 296
A.B.L.	132, Quai de Jemmapes 75010 PARIS	100	100	F.C.	622 033 124
A.F.A.	132, Quai de Jemmapes 75010 PARIS	100	100	F.C.	582 090 452
L'AGENDA MODERNE	144, Quai de Jemmapes 75010 PARIS	100	100	F.C.	552 097 347
CARTOREL	358, Avenue de Paris 79025 NIORT	100	100	F.C.	025 770 470
CFR Ile Napoléon	RD 52 68490 OTTMARSHEIM	100	100	F.C.	439 721 697
PAPETERIES DE CLAIREFONTAINE	88480 ETIVAL CLAIREFONTAINE	100	100	F.C.	402 965 297
CLAIREFONTAINE RHODIA	RD 52 68490 OTTMARSHEIM	100	100	F.C.	339 956 781
CLAIRCELL	ZI – Rue de Chartres 28160 BROU	100	100	F.C.	432 357 358
COGIR	10, Rue Beauregard 37110 CHATEAU RENAULT	100	100	F.C.	885 783 159
REGISTRES LE DAUPHIN	27, Rue Georges Sand 38500 VOIRON	100	100	F.C.	055 500 953
DECOPATCH	6, Rue Henri Becquerel 69740 GENAS	100	100	F.C.	400 210 449
EVERBAL	2, Route d'Avaux 02190 EVERGNICOURT	100	100	F.C.	542 091 194
EXACOMPTA	138, Quai de Jemmapes 75010 PARIS	100	100	F.C.	702 047 564
FACIMPRIM	15, Rue des Ecluses Saint Martin 75010 PARIS	100	100	F.C.	702 027 665

LALO	138, Quai de Jemmapes 75010 PARIS	100	100	F.C.	572 016 814
LAVIGNE	139-175, Rue Jean Jacques Rousseau 92130 ISSY LES MOULINEAUX	100	100	F.C.	332 346 444
PAPETERIE DE MANDEURE	14, Rue de la Papeterie 25350 MANDEURE	100	100	F.C.	339 310 807
MANUCLASS	ZI d'Etriché 49500 SEGRE	100	100	F.C.	318 110 665
CLAIRCELL INGENIERIE	ZI – Rue de Chartres 28160 BROU	100	100	F.C.	490 846 763
EDITIONS QUO VADIS	14, rue du Nouveau Bêle 44470 CARQUEFOU	100	100	F.C.	054 807 748
IMPRIMERIE RAYNARD	6, rue de la Peltière – 35130 LA GUERCHE DE BRETAGNE	100	100	F.C.	659 200 786
ROLFAX	ZI route de Montdidier 60120 BRETEUIL	100	100	F.C.	432 030 088
PAPETERIES SILL	Rue du Moulin 62570 WIZERNES	100	100	F.C.	085 650 141
BRAUSE Produktion	D – 51149 KÖLN	100	100	F.C.	
EXACLAIR GmbH (Germany)	D – 51149 KÖLN	100	100	F.C.	
RODECO	D – 51149 KÖLN	100	100	F.C.	
MAKANE BOUSKOURA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
CLAIR MOROCCO	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
PUBLIDAY MULTIDIA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
DIFTAR EXPORT	23, Rue Tarik Bnou Zlad 40000 GUELIZ – MARRAKESH	100	100	F.C.	
ERNST STADELMANN	Bahnhofstrasse 8 A – 4070 EFERDING	99	99	F.C.	
EXACLAIR (Spain)	E – 08110 MONTCADA I REIXAC	100	100	F.C.	
EXACLAIR (Belgium)	249, Boulevard de l'Humanité B – 1620 DROGENBOS	100	100	F.C.	
EXACLAIR Inc (USA)	143 West 29th Street USA – NEW YORK	100	100	F.C.	

EXACLAIR Ltd (UK)	Oldmedow Road KING'S LYNN, Norfolk PE30 4LW	100	100	F.C.	
QUO VADIS International Ltée	4193, boulevard Industriel – Laval QUEBEC H7L 0G7	100	100	F.C.	
QUO VADIS Italia Srl	19 via Roberto Lepetit I – 20124 MILANO	100	100	F.C.	
QUO VADIS Japon Co Ltd	Sangenjaya Combox 4F 1–32–3 Kamjuma Setagaya-Ku, TOKYO	100	100	F.C.	
QUO VADIS Polonia Spzoo	Ul Oeniadeckich 18 60–773 POZNAN	100	100	F.C.	
QUO VADIS Editions Inc	120 Elmview Avenue HAMBURG, NY 14075–3770	100	100	F.C.	
SCHUT	Kabeljauw 2 NL – 6866 HEELSUM	100	100	F.C.	

Changes affecting the scope of consolidation	
Companies newly consolidated - acquisitions	Companies deconsolidated
• None	• None

2. INFORMATION ON THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

2.1 Non-current assets

2.1.1 Intangible assets

Greenhouse gas emission rights

No greenhouse gas emission rights are recorded in the first half 2013 financial statements owing to the change in regulations described under Note 8 in the section entitled "Presentation of the consolidated financial statements".
The change in accounting policy has had no impact on earnings for the period or on consolidated shareholders' equity.

Trademarks

The item "Concessions, patents, licences" includes trademarks totalling €8,655,000.

No impairment was recorded in the financial statements for the first half of 2013.

Goodwill

The goodwill recorded applied mainly to four subsidiaries at 30 June 2013.

No impairment was recorded in the first half 2013 financial statements pursuant to the rules and methods described under Note 8 in the section entitled "Presentation of the consolidated financial statements".

The segment information shows the distribution of goodwill by business and geographic segment.

2.1.2 Property, plant and equipment

The useful life of the principal assets has been reviewed by the Group. No changes in useful lives leading to a material change in the accounting estimates were identified during the year.

Finance lease agreements aggregated in the respective tables

€000	**30/06/2013**	**31/12/2012**
Property, plant and equipment	**10,049**	**10,049**
Land	22	22
Buildings	1,345	1,345
Plant, supplies and equipment	8,682	8,682
Depreciation	**8,698**	**8,409**
Accumulated b/fwd	8,409	13,250
Increase for the period	289	615
Disposals of fixed assets		-5,456
Loans	**0**	**0**

2.1.3 Financial assets

Unconsolidated equity interests and other non-current securities are stated at cost if there is no reliable fair value.
Intercompany receivables, loans and other financial assets are valued at amortised cost. The book value is equal to the fair value.

2.1.4 Intangible assets

At 30 June 2013 (€000)	Goodwill	Concessions, patents, licences and similar rights	Other	Total
Opening gross value	13,676	27,543	1,606	42,825
Purchases		194	216	410
Sales		-206	-6	-212
Changes in scope of consolidation				
Currency translation adjustments		-8	-5	-13
Transfers and other activity	-10	-1,990	-81	-2,081
Closing gross value	**13,666**	**25,533**	**1,730**	**40,929**
Opening depreciation and write-downs	3,056	12,353	1,461	16,870
Sales		-206	-6	-212
Changes in scope of consolidation				
Amortisation		813	48	861
Write-downs				
Reversals			-61	-61
Currency translation adjustments		-8	-2	-10
Transfers and other activity	-10			-10
Closing depreciation and write-downs	**3,046**	**12,952**	**1,440**	**17,438**
Opening net book value	**10,620**	**15,190**	**145**	**25,955**
Closing net book value	**10,620**	**12,581**	**290**	**23,491**

At 31 December 2012 (€000)	Goodwill	Concessions, patents, licences and similar rights	Other	Total
Opening gross value	13,911	25,345	1,882	41,138
Purchases		3,963	62	4,025
Sales		-251	-132	-383
Changes in scope of consolidation				
Currency translation adjustments		2	-10	-8
Transfers and other activity	-235	-1,516	-196	-1,947
Closing gross value	**13,676**	**27,543**	**1,606**	**42,825**
Opening depreciation and write-downs	2,854	11,446	1,388	15,688
Sales		-155	-132	-287
Changes in scope of consolidation				
Amortisation		1,361	212	1,573
Write-downs	421			421
Reversals		-300		-300
Currency translation adjustments		1	-7	-6
Transfers and other activity	-219			-219
Closing depreciation and write-downs	**3,056**	**12,353**	**1,461**	**16,870**
Opening net book value	**11,057**	**13,899**	**494**	**25,450**
Closing net book value	**10,620**	**15,190**	**145**	**25,955**

2.1.5 Property, plant and equipment

At 30 June 2013 (€000)	Land and buildings	Plant and equipment	Other fixed assets	Advances and fixed assets in progress	Total
Opening gross value	127,958	387,021	29,853	5,324	550,156
Purchases	1,167	4,406	616	8,942	15,131
Sales	-24	-1,287	-188		-1,499
Changes in scope of consolidation					
Currency translation adjustments	-158	-340	-64		-562
Transfers and other activity	81	1,397	48	-1,699	-173
Closing gross value	**129,024**	**391,197**	**30,265**	**12,567**	**563,053**
Opening depreciation and write-downs	68,788	243,858	24,376	0	337,022
Sales	-24	-1,071	-185		-1,280
Changes in scope of consolidation					
Amortisation	2,009	8,892	875		11,776
Write-downs					
Reversals			-15		-15
Currency translation adjustments	-58	-313	-54		-425
Transfers and other activity		-141			-141
Closing depreciation and write-downs	**70,715**	**251,225**	**24,997**	**0**	**346,937**
Opening net book value	**59,170**	**143,163**	**5,477**	**5,324**	**213,134**
Closing net book value	**58,309**	**139,972**	**5,268**	**12,567**	**216,116**

At 31 December 2012 (€000)	Land and buildings	Plant and equipment	Other fixed assets	Advances and fixed assets in progress	Total
Opening gross value	128,185	373,510	28,615	5,842	536,152
Purchases	1,553	17,061	1,949	4,898	25,461
Sales	-106	-5,549	-859		-6,514
Changes in scope of consolidation					
Currency translation adjustments	38	125	-5		158
Transfers and other activity	-1,712	1,874	153	-5,416	-5,101
Closing gross value	**127,958**	**387,021**	**29,853**	**5,324**	**550,156**
Opening depreciation and write-downs	68,071	233,620	23,309	0	325,000
Sales	-64	-5,005	-772		-5,841
Changes in scope of consolidation					
Amortisation	4,066	17,504	1,874		23,444
Write-downs					
Reversals		-216	-33		-249
Currency translation adjustments	9	117	-2		124
Transfers and other activity	-3,294	-2,162			-5,456
Closing depreciation and write-downs	**68,788**	**243,858**	**24,376**	**0**	**337,022**
Opening net book value	**60,114**	**139,890**	**5,306**	**5,842**	**211,152**
Closing net book value	**59,170**	**143,163**	**5,477**	**5,324**	**213,134**

2.1.6 Financial assets

At 30 June 2013 (€000)	Unconsolidated equity interests	Intercompany receivables	Loans	Other receivables	Total
Opening gross value	1,840	0	842	1,795	4,477
Purchases			9	17	26
Sales					
Changes in scope of consolidation					
Currency translation adjustments				-21	-21
Transfers and other activity			-18	-416	-434
Closing gross value	**1,840**	**0**	**833**	**1,375**	**4,048**
Opening write-downs	1,092	0	0	26	1,118
Purchases/Sales					
Changes in scope of consolidation					
Write-downs	42				42
Reversals				-2	-2
Currency translation adjustments					
Transfers and other activity					
Closing write-downs	**1,134**	**0**	**0**	**24**	**1,158**
Opening net book value	**748**	**0**	**842**	**1,769**	**3,359**
Closing net book value	**706**	**0**	**833**	**1,351**	**2,890**

At 31 December 2012 (€000)	Unconsolidated equity interests	Intercompany receivables	Loans	Other receivables	Total
Opening gross value	1,797	0	843	1,762	4,402
Purchases	43		76	88	207
Sales					
Changes in scope of consolidation					
Currency translation adjustments				-23	-23
Transfers and other activity			-77	-32	-109
Closing gross value	**1,840**	**0**	**842**	**1,795**	**4,477**
Opening write-downs	888	0	0	30	918
Purchases/Sales					
Changes in scope of consolidation					
Write-downs	204			23	227
Reversals				-27	-27
Currency translation adjustments					
Transfers and other activity					
Closing write-downs	**1,092**	**0**	**0**	**26**	**1,118**
Opening net book value	**909**	**0**	**843**	**1,732**	**3,484**
Closing net book value	**748**	**0**	**842**	**1,769**	**3,359**

Other receivables consist mainly of deposits and bonds totalling €820,000 at 30 June 2013, compared to €1,210,000 at 31 December 2012.

2.1.7 Table of maturities of other financial assets

At 30 June 2013 (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans	63	123	647	833
Other financial assets	542		833	1,375
Financial assets and receivables	**605**	**123**	**1,480**	**2,208**

At 31 December 2012 (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans	62	128	652	842
Other financial assets	953		842	1,795
Financial assets and receivables	**1,015**	**128**	**1,494**	**2,637**

2.2 Current assets

2.2.1 Inventories by type

At 30 June 2013 (€000)	Raw materials	In progress	Intermediate and finished goods	Total
Opening gross value	55,599	16,916	105,350	177,865
Change	2,042	2,189	15,026	19,257
Closing gross value	**57,641**	**19,105**	**120,376**	**197,122**
Opening write-downs	4,767	667	5,370	10,804
Additions	3,545	613	2,244	6,402
Reversals	-3,472	-604	-3,062	-7,138
Currency translation adjustments and other activity	-4		-4	-8
Closing write-downs	**4,836**	**676**	**4,548**	**10,060**
Opening net book value	**50,832**	**16,249**	**99,980**	**167,061**
Closing net book value	**52,805**	**18,429**	**115,828**	**187,062**

At 31 December 2012 (€000)	Raw materials	In progress	Intermediate and finished goods	Total
Opening gross value	61,247	17,624	105,510	184,381
Change	-5,648	- 708	-160	-6,516
Closing gross value	**55,599**	**16,916**	**105,350**	**177,865**
Opening write-downs	4,127	455	5,246	9,828
Additions	4,596	638	4,917	10,151
Reversals	-3,958	-426	-4,801	-9,185
Currency translation adjustments and other activity	2		8	10
Closing write-downs	**4,767**	**667**	**5,370**	**10,804**
Opening net book value	**57,120**	**17,169**	**100,264**	**174,553**
Closing net book value	**50,832**	**16,249**	**99,980**	**167,061**

2.2.2 Write-down of other current assets

€000	Opening write-downs	Additions	Reversals	Other changes	Closing write-downs
Trade receivables	3,536	743	-686	-1	3,592
Other receivables	251				251
Total	**3,787**	**743**	**-686**	**-1**	**3,843**

Statement of maturities of trade and other receivables

€000	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and similar receivables	131,515	723		132,238
Taxes and social security contributions receivable	9,198			9,198
Debit current accounts	175			175
Other receivables	1,987			1,987
	142,875	**723**		**143,598**
Impairment				-3,843
Financial assets				**139,755**

Prepaid expenses	3,506
Trade and other receivables presented in the balance sheet	**143,261**

2.2.3 Marketable securities

Marketable securities are assets held for trading. The book value of €40,362,000 is their market value at 30 June 2013. The book value is equal to the fair value.

2.3 Shareholders' equity

The capital of the parent company consists of 1,131,480 shares with a par value of 4 euros, or €4,525,920, and did not change during the year. A double voting right is granted to each fully paid-up share which has been registered for at least two years in the name of the same shareholder.
The Group has not implemented any specific capital management policy.

ETABLISSEMENTS CHARLES NUSSE holds 80.46% of the capital.

2.4 Deferred taxes

The principal sources of deferred taxes are the regulated provisions, finance leases, public subsidies, trademarks, internal profits on inventories and provisions.

The change in deferred taxes presented in the balance sheet totalled €211,000 (increase in net deferred tax liability). The change in deferred taxes recorded in the income statement was €202,000 (deferred tax expense).
The tax calculation is presented in paragraph 2.10.

<u>Statement of changes in deferred tax</u>

€000	Closing balance	Opening balance	Change
Deferred tax assets	554	529	25
Deferred tax liabilities	29,930	29,694	236
Net deferred tax	**29,376**	**29,165**	**211**

2.5 Provisions

Provisions break down as follows:

€000	Opening provisions	Additions	Reversals	Provisions not used	Other changes	Closing provisions
Provisions for pensions and similar obligations	16,746	1,203	-402	-294	-17	17,236
Other non-current provisions	0					0
Non-current provisions	**16,746**	**1,203**	**-402**	**-294**	**-17**	**17,236**
Provisions for contingent liabilities	3,203	513	-409	-13	4	3,298
Other provisions for charges	99	110			-6	203
Current provisions	**3,302**	**623**	**-409**	**-13**	**-2**	**3,501**

Provisions for pensions and similar obligations consist mainly of provisions for retirement indemnities and are calculated at each balance sheet date.

They are valued (including social security contributions) according to the following main parameters:

- probability of retirement from the company, turnover, death;
- changes in salaries;
- discounting the amount obtained at the rate of 3.06%.

The amounts paid to insurance organisations are deducted from provisions.
Net change in the provision for pensions and similar obligations

€000		**30/06/2013**
Liability b/fwd		**16,746**
Cost of services rendered		843
Financial expense		523
Actuarial gains and losses		-876
→ *o/w actuarial changes*	*-332*	
→ *o/w new recruits*	*3*	
→ *o/w departures during the year*	*-547*	
Liability c/fwd		**17,236**

The recorded liability includes €13,760,000 of obligations under the plan applicable to French companies and €3,476,000 under plans applicable to foreign companies.

2.6 Borrowings and debt with financial institutions

Statement of liquidity risk

€000	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Loans from financial institutions	273	1,135	532	1,940
Other borrowings	43	339	57	439
Bank loans and overdrafts	104,349			104,349
Subtotal	**104,665**	**1,474**	**589**	**106,728**
Accrued interest	8			8
Total	**104,673**	**1,474**	**589**	**106,736**
Estimated interest to maturity				*214*

- Including current debt €104,673,000
- Including non-current debt €2,063,000

All short, medium and long term financing transactions are based on Euribor. The average commitment fee charged on credit lines is 0.25%. Drawdowns are charged at a variable rate negotiated on the basis of the amount and the maturity date of each line of credit.
Borrowings are stated at fair value.

2.7 Issuance & financial instruments programmes

Commercial paper

Short-term needs are financed by commercial paper issued by Exacompta Clairefontaine and by spot loans. A fixed rate determined at the moment of issue or subscription is paid on the commercial paper, which has a maximum term of 365 days.
The amount recorded in the item “Current portion of interest-bearing debt” was €65 million at the closing date. The maximum amount of commercial paper that may be issued was €125 million at closing.

Lines of credit

Lines of credit totalling €127 million with maturities not exceeding 4 years are in place with several banks. The term of drawdowns ranges from one week to six months. The balance on these lines was €35 million at the balance sheet date. As the drawdowns have very short-term maturities, this amount is recorded under "Short-term portion of interest-bearing debt". No amounts were recorded under “Interest-bearing debt”.
Long-term financing is arranged through negotiated loans.

Financial instruments

The Group uses derivatives products mainly to hedge against interest rate risks. Transactions performed to hedge exchange rate risks are non material.
The fair value of the financial instruments is provided by the financial institutions from which they are obtained.
The change in the fair value recorded in income amounted to €220,000.

Interest rate risks

In order to hedge against changes in interest rates, the Group has taken out interest rate swaps. The types of instruments that may be used, as well as the maximum risk levels incurred, are determined by Senior Management. The risk is checked daily.

A change of 1 percent (100 basis points) in interest rates would have a €960,000 effect on first half 2013 earnings.

Portfolio of financial instruments

Residual maturity (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Rate swaps	4,384	6,249	0	10,633

The amounts shown in the table are current notional amounts.

2.8 Other current liabilities

€000	30/06/2013	31/12/2012
Advances and down payments received	1,427	750
Taxes and social security contributions payable	38,565	32,941
Suppliers - fixed assets	4,645	2,461
Other liabilities	13,260	10,924
Deferred income	621	1,190
Derivative financial instruments	448	668
Total	**58,966**	**48,934**

Derivative financial instruments are recorded at fair value.

2.9 Off-balance sheet commitments

➢ Greenhouse gas emission allowances

The greenhouse gas emission allowance trading system has started its third phase running from 2013 to 2020.
The Group's new accounting principles as from 1 January 2013 are described under Note 8 in the section entitled "Presentation of the consolidated financial statements".
The change in accounting principles means that there is no measurable emission allowance liability as at 30 June 2013, as the allowances brought forward from the previous allocation period will henceforth be treated only in terms of volume.

The Group did not purchase any allowances on the market. The quantities allocated for the new period are not yet known, as the new national allocation plan has not yet been published.
Emission allowances surrendered in April 2013 for the previous allocation period (2008-2012) amounted to €1,045,000. This figure is shown in the table below under "Commitments given - surrender".

€000	H1 2013	2012
Greenhouse gas emission rights		
➢ Commitments given – surrender		1,045
➢ Commitments received – remaining allocations for the period		934
➢ Commitments received – annual allocations receivable		–

➢ Sureties and guarantees

Exacompta Clairefontaine jointly and severally guarantees payment to Exeltium of all liabilities in respect of purchases of blocks of electricity subscribed to by Papeteries de Clairefontaine.

2.10 Income tax – Calculation of tax

€000	H1 2013	H1 2012
Consolidated net income before goodwill impairment	-1,851	-2,796
Goodwill impairment	–	–
Income taxes	-15	-39
Deferred taxes	201	302
Consolidated tax base	-1,665	-2,533
Tax rate applicable to parent company	33.33 %	33.33 %
Theoretical tax expense	**-555**	**-844**
Tax assets not withheld on foreign companies	541	848
Tax rate differences	164	-33
Tax adjustments	-254	-357
Tax debits and credits	291	649
Other effects	-1	–
Actual tax expense	**186**	**263**

Income taxes	-15	-39
Deferred taxes	201	302
Tax expense in the consolidated financial statements at closing	**186**	**263**

2.11 Group staff and employee benefits

Average staff	30/06/2013	30/06/2012
Management	466	471
Employees	760	762
Labourers and other salaried workers	1,917	1,993
Total	**3,143**	**3,226**

Expenses recorded for defined contribution schemes (€000)	20,386	21,295

2.12 Financial income and expenses

€000	H1 2013	H1 2012
Equity interests and income from other financial assets	6	12
Income from other receivables and marketable securities	460	414
Other financial income	75	100
Financial instruments – change in fair value	220	76
Reversal of provisions and write-downs	2	27
Foreign exchange differences	524	971
Net gain on sale of marketable securities	13	42
Total financial income	**1,300**	**1,642**
Increase in provisions and write-downs	42	
Interest and financial expenses	214	401
Financial expenses on finance leases		4
Foreign exchange differences	1,102	718
Other financial expenses	193	260
Net expenses on sales of marketable securities		
Total financial expenses	**1,551**	**1,383**

2.13 Related parties

- The consolidated financial statements include transactions performed by the group with Etablissements Charles Nusse.

€000	H1 2013	2012
Financial expenses	0	119
Fees	567	1,143
Leases	2,555	5,436

The Group companies benefit from the leadership of Etablissements Charles Nusse and pay a fee equal to 0.6% of the value added of the previous year.

➢ Remuneration of administrative and management bodies:

The total direct and indirect remuneration of all kinds received by all Group managers amounted to €892,000.
No benefits are granted to Group managers apart from retirement commitments calculated pursuant to the rules applicable to the entire workforce.

The remuneration granted to the members of the Board of Directors by way of directors' fees amounts to €60,000 in 2013. This was approved by a decision of the 29 May 2013 Shareholders' Meeting.

3. SEGMENT INFORMATION

Correspondence with the consolidated balance sheet:

- "Other assets allocated" includes inventories and advances;
- "Unallocated assets" consists of tax receivable and deferred tax assets.

➢ Segment information by business – H1 2013

€000	**Paper**	**Processing**	**Intersegment transactions**	**Total**
Segment income statement				
Revenues	134,232	185,719	-65,823	254,128
Depreciation/amortisation (net of reversals)	5,859	6,702		12,561
Write-downs and provisions	408	-378		30
Operating profit/(loss) (excl. goodwill)	3,389	-4,631	-172	-1,414
Goodwill impairment				
Segment assets				
Net PP&E and intangible assets	115,833	113,154		228,987
o/w investments	*10,208*	*5,333*		*15,541*
Goodwill		10,620		10,620
Trade receivables	46,290	115,648	-33,292	128,646
Other receivables	3,787	11,026	-198	14,615
Balance sheet total	*50,077*	*126,674*	*-33,490*	*143,261*
Other assets allocated	54,656	136,324	-2,400	188,580
Unallocated assets				*2,093*
Total assets	220,566	386,772	-35,890	573,541
Segment liabilities				
Current provisions	1,507	1,994		3,501
Trade payables	23,098	66,391	-33,270	56,219
Other payables	23,502	35,751	-287	58,966
Unallocated liabilities				*0*
Total liabilities	48,107	104,136	-33,557	118,686

➢ Segment information by region – H1 2013

€000	**France**	**Europe**	**Outside Europe**	**Total**
Revenues	163,333	76,675	14,120	254,128
Net PP&E and intangible assets	212,942	8,549	7,496	228,987
o/w investments	*12,935*	*1,203*	*1,403*	*15,541*
Goodwill	10,620			10,620
Trade receivables	111,781	14,242	2,623	128,646
Other receivables	11,859	639	2,117	14,615
Balance sheet total	*123,640*	*14,881*	*4,740*	*143,261*
Other assets allocated	172,057	8,556	7,967	188,580
Unallocated assets				*2,093*
Total assets	519,259	31,986	20,203	573,541

➢ Segment information by business – H1 2012

€000	**Paper**	**Processing**	**Intersegment transactions**	**Total**
Segment income statement				
Revenues	131,881	187,571	-61,025	258,427
Depreciation/amortisation (net of reversals)	5,855	6,528		12,383
Write-downs and provisions	28	812		840
Operating profit/(loss) (excl. goodwill)	4,124	-6,852	-64	-2,792
Goodwill impairment				–
Segment assets				
Net PP&E and intangible assets	113,044	112,767		225,811
o/w investments	*5,045*	*8,930*		*13,975*
Goodwill		11,041		11,041
Trade receivables	43,737	122,118	-30,259	135,596
Other receivables	3,647	11,057	-321	14,383
Balance sheet total	*47,384*	*133,175*	*-30,580*	*149,979*
Other assets allocated	57,456	137,408	-2,080	192,784
Unallocated assets				*618*
Total assets	217,884	394,391	-32,660	580,233
Segment liabilities				
Current provisions	372	2,261		2,633
Trade payables	23,374	63,107	-30,260	56,221
Other payables	22,281	34,632	-325	56,588
Unallocated liabilities				*0*
Total liabilities	46,027	100,000	-30,585	115,442

➢ Segment information by region – H1 2012

€000	**France**	**Europe**	**Outside Europe**	**Total**
Revenues	165,937	77,464	15,026	258,427
Net PP&E and intangible assets	211,526	8,164	6,121	225,811
o/w investments	*12,090*	*773*	*1,112*	*13,975*
Goodwill	11,041			11,041
Trade receivables	118,429	13,805	3,362	135,596
Other receivables	11,631	1,016	1,736	14,383
Balance sheet total	*130,060*	*14,821*	*5,098*	*149,979*
Other assets allocated	176,661	8,436	7,687	192,784
Unallocated assets				*618*
Total assets	529,288	31,421	18,906	580,233

Exacompta Clairefontaine S.A.

Certification
of the half-year financial report

I hereby certify that, to the best of my knowledge, the financial statements for the half year ended have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets and liabilities, financial position and earnings of the company and all the companies included in the consolidation. I also certify that the half-year activity report enclosed herein presents a true and fair view of the main events occurring during the first six months of the year, the impact thereof on the financial statements and the main related party transactions, as well as a description of the main risks and uncertainties affecting the remaining six months of the year.

Jean-Olivier Roussat
Executive Vice President

Exacompta Clairefontaine S.A.

Statutory Auditors' Report
on the half-year financial report

SEREC AUDIT
21 rue Leriche
75015 PARIS

BATT AUDIT
25 rue du Bois de la Champelle
54500 VANDŒUVRE-LES-NANCY

EXACOMPTA CLAIREFONTAINE

**STATUTORY AUDITORS' REPORT
ON THE FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

To the Shareholders,

In accordance with our engagement by your Shareholders' General Meeting, and in application of Article L. 451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the attached consolidated financial statements of **EXACOMPTA CLAIREFONTAINE** for the period from 1 January to 30 June 2013;

- verified the information contained in the half-year activity report.

The consolidated half-year financial statements were prepared under the responsibility of the Board of Directors. It is our responsibility, based on our limited review, to express an opinion on those statements.

1. Opinion on the financial statements

We performed our limited review in accordance with professional standards applicable in France. A limited review mainly involves the conducting of interviews with the senior executives responsible for accounting and financial matters and the implementation of analytical procedures. The work is of limited scope compared to the work required for an audit performed in accordance with auditing standards applicable in France. Accordingly, a limited review provides only a moderate degree of assurance, less than that provided by an audit, that the financial statements, taken as a whole, are free from material misstatements.

On the basis of our limited review, we did not identify any material misstatements that cause us to question, with regard to IFRS as adopted by the European Union, the validity and accuracy of the consolidated half-year financial statements and the fact that they give a true and fair view of the assets, liabilities and financial position as at 30 June 2013 and of the earnings for the six months ended 30 June 2013 of the persons and entities included in the consolidation.

2. Specific verifications

We have also verified the information provided in the half-year activity report commenting on the consolidated half-year financial statements on which we performed our limited review. We have no comments to make about the accuracy and consistency of the said activity report with the consolidated half-year financial statements.

Executed in Paris, 30 August 2013

The Statutory Auditors

SEREC AUDIT	BATT AUDIT
Benoît Grenier	**Pascal François**