EXACOMPTA CLAIREFONTAINE

ORDINARY SHAREHOLDERS'

MEETING OF 27 MAY 2009

FISCAL YEAR 2008

REPORT OF THE BOARD OF DIRECTORS
PARENT COMPANY AND CONSOLIDATED
FINANCIAL STATEMENTS
REPORTS OF THE STATUTORY AUDITORS
PROPOSED RESOLUTIONS

REGISTERED OFFICE: 88480 ETIVAL CLAIREFONTAINE (VOSGES)
SHARE CAPITAL €4,525,920
Telephone: +33 (0) 3 29 42 42 42 Fax: +33 (0) 3 29 42 42 00 Website: http:www.exacomptaclairefontaine.fr
SAINT DIE COMMERCIAL REGISTRY N° B 505 780 296 SIRET [Tax ID] N°: 505 780 296

FRENCH INDUSTRY CLASSIFICATION (NAF): 7010Z

Board of Directors

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

Dominique Daridan

Henri de Verthamon

Charles Nusse
Co-Manager, Brause (D)
Manager, Ernst Stadelmann - Multiform (A)
Chairman, Tollit & Harvey (GB)

Frédéric Nusse
Chairman, Everbal
Chairman, Papeterie de Mandeure
Chief Executive Officer, Papeteries de Clairefontaine

Guillaume Nusse
Chairman and Chief Executive Officer, Clairefontaine Rhodia

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

Jean-Marie Nusse, Executive Vice President
Member of the Management Board, Ets Charles Nusse
Chairman, Papeteries de Clairefontaine

Jérôme Nusse
Chief Executive Officer, Quo Vadis

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

Statutory auditors

BATT AUDIT, 54500 Vandœuvre lès Nancy

SEREC AUDIT, 75015 Paris

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Agenda:

- Report of the Board of Directors on operations and the parent company financial statements for fiscal year 2008;

- Report of the Board of Directors on operations and the consolidated financial statements for fiscal year 2008;

- Reports of the statutory auditors on the financial statements for this fiscal year and on the operations governed by Articles L.225-38 and L.225-235 of the French Commercial Code;

- Approval of the parent company financial statements for the year ended 31 December 2008 consisting of the balance sheet, the income statement and notes thereto;

- Approval of the consolidated financial statements for the year ended 31 December 2008 consisting of the balance sheet, the income statement and the notes thereto;

- Allocation of earnings;

- Agreements governed by Article L.225-38 of the French Commercial Code;

- Discharge of the Directors. Approval of the directors' fees allocated to the members of the Board of Directors;

- Election and appointment of a director.

THE BOARD OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY SHAREHOLDERS' MEETING OF 27 MAY 2009

To the Shareholders,

1. REVIEW AND APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS

(In € thousands)	**2008**
Operating revenue	10,475
Operating income/loss	300
Financial income	2,715
Net income	6,885

EXACOMPTA CLAIREFONTAINE, a holding company, serves the companies of the Group, for which it manages the sales force and certain property assets.

It is also responsible for the Group's financial management, consolidation, legal and tax services, communications and relations with shareholders.

It posted a positive operating profit of €300,000 compared to € (661,000) in 2007.

Financial income was €2,715,000. This includes dividends from the subsidiaries in the amount of €1,900,000.

The net income of the parent company EXACOMPTA CLAIREFONTAINE was €6,885,000 in 2008 compared to €1,097,000 in 2007.

Net income is similar to that for previous fiscal years, except for 2007 net income, which was particularly affected by a subsidy granted to a company within the Group.

The amount of non-tax deductible expenses was €8,853.

Since January 2003, the subsidiaries have paid EXACOMPTA CLAIREFONTAINE a royalty equal to 0.2% of their added value for the previous year.

The companies which head sub-groups (Exacompta, Papeteries de Clairefontaine, Clairefontaine Rhodia, AFA) guarantee all repayments of their subsidiaries which borrow from the parent company.

INCOME FOR THE LAST FIVE YEARS IN EUROS

Closing date	**31/12/2008**	**31/12/2007**	**31/12/2006**	**31/12/2005**	**31/12/2004**
Duration of the year (in months.)	**12**	**12**	**12**	**12**	**12**
CAPITAL AT YEAR END					
Share capital	4,525,920	4,525,920	4,525,920	4,525,920	4,525,920
Number of shares of common stock	1,131,480	1,131,480	1,131,480	1,131,480	1,131,480
TRANSACTIONS AND RESULTS					
Revenue before tax	2,020,024	1,155,501	395,671	253,886	231,787
Income before taxes, profit-sharing, depreciation, amortisation and provisions	3,119,125	(948,950)	2,660,784	4,233,376	5,419,743
Income taxes	(4,016,659)	(2,273,317)	(4 454 216)	(5,072,034)	(550,498)
Net depreciation, amortisation and provisions	250,814	226,912	104,338	236,321	320,049
Net income	6,884,970	1,097,455	7,010,661	9,069,090	5,650,192
Distributed income	2,036,664	2,262,960	2,262,960	2,262,960	3,960,180
EARNINGS PER SHARE					
Income after taxes and profit-sharing and before depreciation, amortisation and provisions	6	1	6	8	5
Income after taxes, profit-sharing, depreciation, amortisation and provisions	6	1	6	8	5
Dividend paid	*1.80	2	2	2	4
PERSONNEL					
Average number of employees	60	61	53	62	63
Payroll	4,629,187	4,469,507	4,275,718	4,177,294	4,652,040
Sums paid in employee benefits (social security and social works, etc.)	1,730,248	1,647,595	1,758,007	1,656,715	1,700,096

* Dividend proposed

SHARE AND SHAREHOLDER INFORMATION

The share listed at €159 on 2 January 2008 and closed the year at €83. During the same period, the SBF 250 fell 43.1% and the CAC 40 fell 42.7 %. The number of shares traded during the year was 6,546.

The parent company does not have a share buyback programme and there are no employee shareholders.

The capital of the parent company is composed of 1,131,480 shares, 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.

Our principal shareholder, Ets Charles Nusse, holds 910,395 shares with double voting rights, representing 80.46% of the capital at 31 December 2008.

"Financière de l'Echiquier", a minority shareholder, crossed the 5% ownership threshold in 2005.

2. REVIEW AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PREVIOUS YEAR

2.1 RESULTS

(In € thousands)	2008
Income from continuing activities (Revenue)	546,605
Operating income	12,241
Net income before income taxes	7,243
Net income after income taxes	5,092
Minority interests	(145)
Group share	5,237

In 2008, the consolidated cash flow of the Exacompta Clairefontaine Group was €24,747,000 and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) amounted to €37,507,000, compared with €38,684,000 and €46,293,000, respectively, in 2007.

The Group had 3,396 employees in 2008, up from 3,364 in 2007.

2.2 PRINTING AND WRITING PAPERS

In France, the recovery in the printing and writing papers market, which began in 2007, continued in the first half of 2008. However, the recovery came to a halt at the start of the summer given the general economic downturn. The weakness of the markets in the latter half of the year led to consumption of printing and writing papers falling 4.2% compared to the level achieved in 2007.

The rise in pulp and energy costs resulted in significant restructuring in 2006-2007 in the printing and writing paper sector. This process continued and speeded up somewhat in 2008 with the closure of 5 manufacturing sites, resulting in a reduction in production capacity of 400,000 tonnes of printing and writing papers.

For the companies which were not consolidated, the most notable event in the first half of 2008 was the increase in the price of pulp, which was offset by the fall in value of the US dollar. This trend reversed at the end of the year with pulp prices falling, despite the recovery of the dollar.

At the Group's four paper manufacturing sites,, net reeled production remained unchanged at 217,000 tonnes.

Given the permanent closure of competitors' factories, we supplied more paper for offset printing and filing.

2.3 PAPER ARTICLES

Retail paper sales fell by about 2% in 2008 compared to 2007, whilst wholesale paper sales fell 3% *(source: I+C Institute).* This downturn manifested itself particularly at the end of the year.

Office suppliers also saw sales fall by about 2%.

Paper article producers were generally not affected too much by the fall in consumption. There was however a slight fall in sales for filing articles and a sharper downturn for creative arts.

In terms of envelopes, those used for advertising purposes were worst hit.

Sales of school stationery and diaries remained unchanged. Two key points stand out:

* Raw material costs remained unchanged during the school year; and
* Increased demand for articles produced using recycled paper or products with the environmental forestry management label.

For its specialised products, the Group's volumes held up and it strengthened its commercial positions. Growth was achieved mainly in exports through direct sales and through the acquisition of local firms. For example, the firm Tollit & Harvey in Great Britain became an Exacompta subsidiary.

2.4 FINANCIAL POSITION

2.4.1 Debt

At 31 December 2008, with revenue of €546,605,000, the Group's financial debt (excluding parent company loans) was €43,877,000, and shareholders' equity totalled €359,423,000.

In order to provide for its growth, the Group has negotiated a €150,000 line of credit with its bank partners. Outstandings under this line were € 33,100,000.
as at 31 December 2008.

With cash of €25,151,000, allowing it to finance, among other things, a portion of its investments, the Group had net financial debt of €18,726,000 at 31 December 2008.

2.4.2 Financial instruments

The Group uses financial derivatives instruments to hedge its exposure to the interest rate risks resulting from its operating, financial and investing activities. Under its cash management policy, the Group does not hold or issue financial derivatives for transaction purposes.

2.4.3 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 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

The credit risk is not significant. It is distributed over a large number of customers. The Group has set up tools to monitor outstanding amounts and, in addition, 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 a line for drawing that covers medium and long-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.

2.5 RELATED PARTIES

The consolidated financial statements include transactions performed by the Group with Ets Charles Nusse.

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

2.6 CORPORATE OFFICERS

List of the principal offices held by the members of the Board

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

Charles Nusse
Co-Manager, Brause (D)
Manager, Ernst Stadelmann - Multiform (A)
Chairman, Tollit & Harvey (GB)

Frédéric Nusse
Chairman, Everbal
Chairman, Mandeure
Chief Executive Officer, Papeteries de Clairefontaine

Guillaume Nusse
Chairman and Chief Executive Officer, Clairefontaine Rhodia

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

Jean-Marie Nusse, Executive Vice President
Member of the Management Board, Ets Charles
Nusse Chairman, Papeteries de Clairefontaine

Jérôme Nusse
Chief Executive Officer, Quo Vadis

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

3. PROPOSED RESOLUTIONS

3.1 ALLOCATION OF INCOME

Income to be allocated (in euros) of:	
Income for 2008	€6,884,969.98
We propose the following allocation:	
* First dividend	€226,296.00
* Second dividend	€1,810,368.00
Total dividends	€2,036,664.00
* Allocation to the statutory reserve............................	€0.16
* Allocation to other reserves	€4,848,305.82
TOTAL ALLOCATED	€6,884,969.98

As the share capital is divided into 1,131,480 shares, each share would receive a total dividend of €1.80

The following table shows the dividends paid for the last three years:

Year	Dividend	Number of shares
2005	2.00	1,131,480
2006	2.00	1,131,480
2007	2.00	1,131,480

3.2 DIRECTORS' FEES

Your Board proposes that you approve directors' fees in the amount of €60,000 to be paid to the directors of the company in 2009.

3.3 DIRECTORS

The term of Mr Gilles Nusse is expiring. We propose that you renew his term of office for 6 years. His appointment will end at the conclusion of the Shareholders' Meeting to which the financial statements for fiscal year 2014 are submitted.

4. POST-CLOSING EVENTS

No significant event occurred between 1 January and 6 April 2009.

5. RESEARCH AND DEVELOPMENT

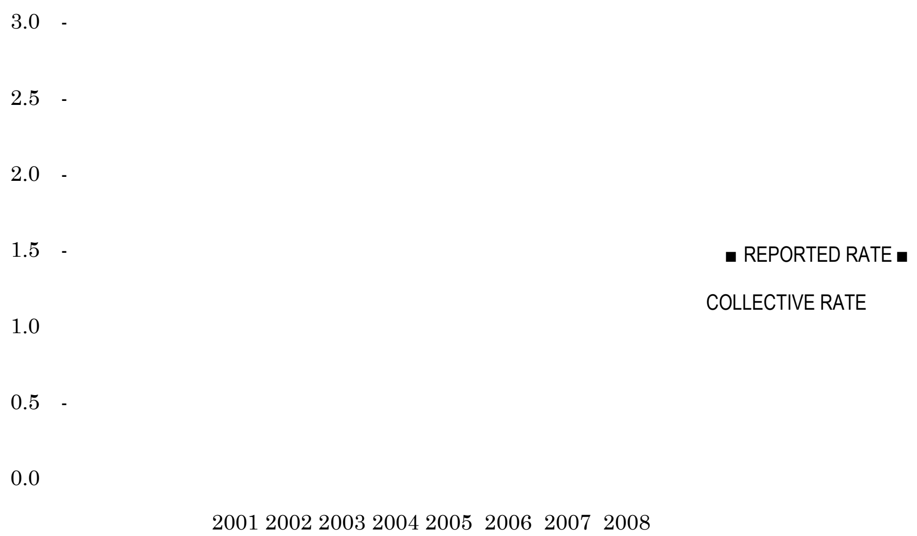
The companies of the Group, including Papeteries de Clairefontaine, participate in various research programmes in cooperation with the Grenoble Paper Technical Centre and various University laboratories.

6. PRODUCTION AND OPERATING SAFETY

Thirty-six industrial units of the Exacompta Clairefontaine Group benefit from the consulting and support services of an engineer to guide and apply the Employee and Machinery safety policy.

For these 36 units, the weighted average reported rate of occupational accidents and illnesses rose from 2.10% to 2.37% between 2001 and 2008.

These rates reflect a stable cost of risks because the increase was essentially due to the administrative increase in the collective rate which rose from 2.29 to 2.61% between 2001 and 2008. The weighted average reported rate remained better than the weighted average collective rate in 2008.



To help these 36 units improve their safety results, information is regularly given out on the following trend indicators:

- Frequency rate for accidents with work stoppages;
- Accident severity rate;
- Occupational illnesses;
- Rate of occupational accidents and illnesses reported by the *Caisse régionale d'assurance maladie* (*CRAM* – Regional Office for Health Insurance).

To help these units make their production and operating conditions safe, specific risk-prevention actions are carried out.

In 2008, the focus was on safety planning and in particular planning for short-term work carried out at height. In addition, safety planning has been audited in the priority units.

Communications are issued on the various actions taken to help managers improve the technical, planning and human aspects for handling safety in their unit. Several units now benefit from permanent support from a safety officer to coordinate actions.

7. EMPLOYMENT INFORMATION

The Exacompta Clairefontaine Group had 3,396 employees at 31 December 2008, up from 3,364 in 2007.

The companies apply the collective agreement for the production of papers, cardboard and cellulose, or the collective agreement for paper articles.

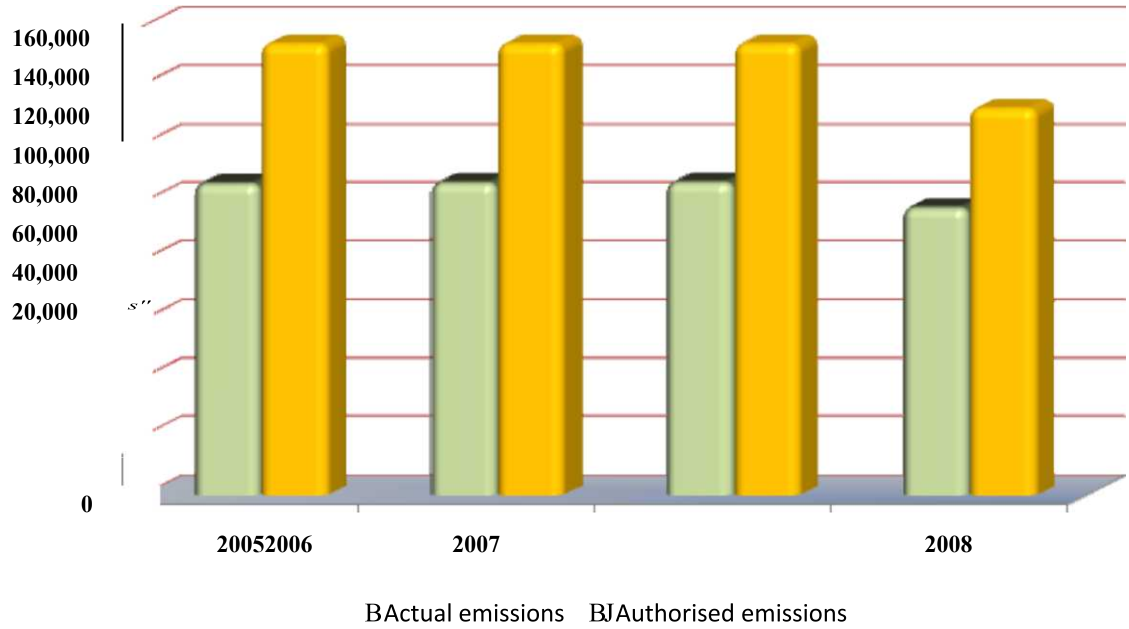
The Group Committee, which met 25 June 2008, commented on the activity and the economic and employment outlook for the year.

8. ENVIRONMENTAL INFORMATION

Carbon dioxide (CO_2) emissions at French paper sites

Site	Emissions in tonnes of CO_2		Change
	2007	2008	
CLAIREFONTAINE	**79,991**	72,119	↓9.8%
MANDEURE	**9,663**	9,608	↓0.6%
EVERBAL	**17,336**	16,502	↓4.8%
Total	**106,990**	**98,229**	**↓8.2%**

Changes in CO_2 emissions at the Group's French paper sites



Measures were taken in 2008 to reduce fossil-based CO_2 emissions, including:

- replacing two gas turbines at Papeteries de Clairefontaine's co-generation unit with a new generation turbine;
- installing a biomass boiler at Everbal, which will begin operating in April 2009.

The biomass boiler project for Papeteries de Clairefontaine is still underway. The plan is for this boiler to power a steam turbine to produce both steam and electricity.

Reduction of surface water draw-offs

In 2007, Papeteries de Clairefontaine implemented a new water recovery unit in order to limit draw-offs from the river.

As such, in 2008 draw-offs were reduced by over 180,700 m^3, which equates to a fall of 5.9% compared to 2007 draw-off levels and 16.5% since 2006.

How the new course of the *LA MEURTHE* is shaping up - Papeteries de Clairefontaine

In order to expand its premises, Papeteries de Clairefontaine was granted permission to deviate part of *La Meurthe* river. Landscaping was also carried out to restore the river banks and make them firm so that the river would regain a natural look as quickly as possible.

October 2003

Alterations completed

April 2004

Herbaceous vegetation starts to grow

April 2009

The river bank vegetation *(all the trees, bushes and herbaceous vegetation typical of riverbanks)* was well-grown.

The important environmental functions of this area *(protection of the banks, biological corridor, habitat, purification and mechanism reducing the speed of flood waves)* were quickly restored.

Environmental certifications

- ISO 14001-certified sites:

  - ✓ ***Papeteries de Clairefontaine*** (2001) - Etival-Clairefontaine (88)[1]
  - ✓ ***Papeterie de Mandeure*** (2003) - Mandeure (25)
  - ✓ ***Everbal*** (2006) - Evergnicourt (02)
  - ✓ ***Quo-Vadis*** (2007) - Carquefou (44)
  - ✓ ***Ernst Stadelmann - Multiform*** (2008) - Eferding (Austria)

- Sites applying for ISO 14001 certification:

  - ✓ ***Papeteries Sill*** - Wizernes (62)
  - ✓ ***Imprimerie Raynard*** - La Guerche de Bretagne (35)
  - ✓ ***Tollit & Harvey*** - King's Lynn (Great Britain)

- Forestry certifications:

The production sites and a large number of the processing sites are PEFC- (Programme for the Endorsement of Forest Certification and/or FSC- (Forest Stewardship Council) certified:

Environmental labels

A number of production and processing sites are also entitled to use environmental labels:

[1] French *département* number.

9. OUTLOOK

In the Paper sector, the outlook continues to be uncertain.

There has been a reduction, really a sharp fall in the cost of raw materials (pulp and starches), whereas energy prices negotiated in 2008 remain high in 2009.

The recession which started in Europe and the rest of the world at the end of 2008 caused a downturn in consumption which had a knock-on effect on sales and sales prices. A reduction in our production should not be ruled out, particularly in the second half of 2009.

The long-term strategy of developing specialised papers (high-quality paper, coloured paper, recycled paper and papers for artists) will be the only way of retaining market shares in France and Europe.

In the Paper Articles sector, our classic ranges which have been updated received extremely high praise at the "Première" show in Frankfurt – an international exhibition for the processing industry.

However, the economic crisis has caused a downturn in consumption and has also had an impact on the workload of our factories and sale prices. As a result, our customers' sales to consumers have fallen between 7 to 10% during the first two months of 2009.

GROUP ORGANISATIONAL CHART

EXACOMPTA CLAIREFONTAINE

EXACOMPTA *Paris (75)* *Manufacture of registers, snap-out sets,* *Bristol paper and bundles of paper*	CLAIREFONTAINE RHODIA *Ottmarsheim (68)* *Distribution of exercise books, note pads and pocket drawing pads.*	PAPETERIES DE CLAIREFONTAINE *Etival-Clairefontaine (88)* *Production of papers,* *reams, different formats,* *reels... exercise books,* *prints, envelopes*	A.F.A. *Paris (75)* *Diaries and calendars*
ROLFAX *Breteuil (60)* *Reels*	**CFRIle Napoléon** *Ottmarsheim (68)* *Exercise books, note pads* *and pocket drawing pads.*	**PAPETERIE DE MANDEURE** *Mandeure (25) Production of strong papers*	**G. LALO** *Paris (75) Luxury* *writing paper*
MANUCLASS *Ségré (49) Filing articles*	**MAILDOR PRODUCTION** *Gênas (69)* *Manufacture of tissue and wrapping paper.*	**EVERBAL** *Evergnicourt (02)*	**A.B.L** *Paris (75)* *Note pads, diaries and calendars*
COGIR *Château Renault (37) Notepads, bundles* *of paper and snap-out sets*	**PAPETERIE VERILHAC FRERES** *Vizille (38)* *Lease management*	**CHATELLES TRANSFORMATION** *Raon L'Etape (88)* *Production of exercise books*	**EDITIONS QUO VADIS** *Carquefou (44)* *Diaries and calendars*
IMPRIMERIE GIRAULT MORIN *Paris (75)* *Administrative forms*	**DECOPATCH** *Gênas (69) Creative arts* *and decoration*	**PAPIERFABRIEK SCHUT BV** *Heelsum (the Netherlands)* *Production of paper for* *artists*	**IMPRIMERIE RAYNARD** *La Guerche de Bretagne* *(35) Calendars*
FACIMPRIM *Paris (75) Registers and administrative forms*	**KERLUDE** *Gênas (69) Games for*		**SOFAC** *Issy-les-Moulineaux (92)*

	learning, creative arts and arts for leisure		*Manufacturing*
CARTOREL *Niort (79) Filing articles*	**MAKANE BOUSKOURA** *Casablanca (Morocco) Holding company*		**CALENDRIERS LAVIGNE** *Issy-les-Moulineaux (92) Calendars*
CLAIRCELL *Brou (28) Office and filing articles*	**PUBLIDAY MULTIDIA** *Casablanca (Morocco) Printing and manufacturing*		**EDITIONS GRAFOCARTE** *Issy-les-Moulineaux (92) Town maps and nautical charts*
PELISSIER MI *Brou (28) Engineering*		**PAPETERIES SILL** *Wizernes (62) Manufacture of exercise books and prints, sales to supermarkets*	**INTERVAL EDITIONS** *Marseille (13) Specialised maritime publishing*
REGISTRES LE DAUPHIN *Voiron (38) Manufacturing, registers and snap-out sets*			**NAUTICARD INTERNATIONAL** *Rome (Italy) Specialised maritime publishing*
ERNST STADELMANN *Eferding (Austria) Filing articles*			
BRAUSE PRODUKTION *Iserlohn (Germany) Hole punches and filing articles*			
PAPIERWARENFABRIK R. KOHLER *Altendorf (Germany) Stamp and photo albums*			

TOLLIT & HARVEY *King's Lynn - Norfolk (UK)* *Office and filing articles*			
EXACOMPTA CLAIREFONTAINE GROUP international sales companies: BRAUSE and RODECO (D) EXACLAIR BARCELONA EXACLAIR BRUSSELS EXACLAIR NEW YORK EXACLAIR IRELAND EXACLAIR POLSKA CLAIREFONTAINE RHODIA Ltd (GB) CLAIR MOROCCO, QUO VADIS: Canada - Italy - Japan - Poland - USA			

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE OPERATIONS OF THE BOARD AND INTERNAL CONTROL

Year ended 31 December 2008

Dear Shareholders,

The Financial Security Act of 1 August 2003 requires that the Chairman of the Board provide a report on the conditions for the preparation and organisation of the work of the Board of Directors, the scope of the powers of the executive officers, and the internal control and risk management procedures established by the company.

I hereby notify you of the following information, pursuant to the provisions of Article L.225-37 of the French Commercial Code:

1. Preparation and organisation of the work of the Board of Directors

As I remind you, the Board has ten members:

François Nusse, whose term expires in 2013

Jean-Claude Gilles Nusse, whose term expires in 2009

Jean-Marie Nusse, whose term expires in 2011

Guillaume Nusse, whose term expires in 2010

Jérôme Nusse, whose term expires in 2010

Frédéric Nusse, whose term expires in 2010

Charles Nusse, whose term expires in 2012

Dominique Daridan, whose term expires in 2011

Henri Verthamon, whose term expires in 2013,

Ets Charles Nusse, represented by Ms Monique Prissard, whose term expires in 2010

The Chairman and Chief Executive Officer, who is the Chairman of the holding company Ets Charles Nusse which manages the Group and of SAS Exacompta and its subsidiaries, is backed by two Executive Vice Presidents and directors, and a non-director Executive Vice President.
The Board has placed no limitations on the powers of the Chairman and Chief Executive Officer or the Executive Vice Presidents.
The statutory auditors are called to the meetings of the Board of Directors that draw up the annual and interim financial statements and to all meetings that review the financial statements.

Notices are given in writing at least eight days in advance. Meetings are held at the registered offices or at the offices of a subsidiary in Paris.

The Board has met four times since 1 January 2008. The March meeting of the Board drew up the financial statements for the previous year and prepared for the Shareholders' Meeting. The meeting of 2 September reviewed the interim position, particularly the economic environment at the beginning of the year and the interim operating statements and other specific items. One or more Board meetings are held if circumstances require, particularly in the event of possibilities for significant acquisitions. Indeed, decisions are made by consensus under these circumstances, even if this approach is not expressly stipulated in the articles of association; this is also the case for the main industrial investments.
The March and September Board meetings were followed by an announcement to all shareholders.

Board members must be physically present at Board meetings, as there is no provision for video conferencing.
The members of the Board had a very high attendance rate, with no absenteeism.
No meetings were called at the initiative of the directors or the Executive Vice Presidents.

To allow Board members to make the necessary preparations for meetings, the Chairman provides them with all necessary information or documents prior to the meeting.

At the Board meeting following the half-year and annual closing of the accounts, each company of the Group is required to submit a management report that must contain the following elements, in addition to its financial statements:

* raw materials (pulp in particular)
* sales results
* finishing and logistics
* technical services
* industrial result
* accounting and financial management
* investments
* outlook and risks

At the March and September Board meetings, the directors review the consolidated financial statements of the Group and the consolidated statements of the sub-groups. These consolidated statements contain a number of analyses:

* changes in shareholders' equity;
* contribution to consolidated results by company;
* contribution to consolidated reserves by company;
* contribution to shareholders' equity by company;
* consolidated interim management statements.

The draft of the annual financial statements is submitted to Board members at least eight days before the Board meeting called to prepare the final financial statements.

Whenever a member of the Board so requests, the Chairman shall immediately or promptly submit any additional information or documents to said party.

2. <u>Shareholder attendance at Shareholders' Meetings</u>

Excerpt from the articles of association (article 8.2):
"The shares are indivisible vis-à-vis the company. Joint shareholders must be represented at Shareholders' Meetings by one of those shareholders or a single representative of their choosing. If the shareholders are unable to agree on a representative, the latter shall be appointed pursuant to an order of the Presiding Judge of the Commercial Court ruling in summary proceedings upon the request of the first joint shareholder to seek legal intervention. The voting rights attached to shares are exercised by the owner of the pledged shares. If the ownership of a share is divided, said share belongs to the beneficial owner at Ordinary Shareholders' Meetings and to the legal owner at Extraordinary Shareholders' Meetings.

Excerpt from the articles of association (Article 8.3.2):
"Registered, fully paid-up shares in the name of the same shareholder for at least two (2) years shall have double voting rights in proportion to the fraction of share capital represented".

Excerpt from the articles of association (Article 15.2):
" Shareholders' Meetings are held at the registered office or any other location indicated in the notification, pursuant to the procedures and deadlines set forth in the regulatory provisions".

Excerpt from the articles of association (Article 16.2):
“Shareholders may arrange to be represented by another shareholder or their spouse. Representatives are appointed for one Shareholders’ Meeting only: said appointment shall be valid for two meetings, an ordinary and extraordinary meeting, provided said meetings are held on the same day or within fifteen days of each other. Said appointment shall also be valid for successive meetings called with the same agenda.
Shareholders may vote by post using a form compliant with the regulatory requirements. Said form shall only be valid when received by the company no later than three days prior to the meeting. Where applicable, this form may be incorporated with the power-of-attorney form".

3. Corporate Governance

Audit Committee:
The Audit Committee is represented by the Board of Directors which comprises the senior executives from the Group’s four departments.

Remuneration of the corporate officers:
The recommendation of the *Autorité des marchés financiers* (*AMF* – French Financial Markets Authority) regarding remuneration of the corporate officers is not applied within the Exacompta Clairefontaine Group. Neither does the Group offer any stock options, performance-related shares or supplementary pension schemes.

The remuneration and benefits of all kinds granted to the corporate officers are set on the basis of the following principles:

* salaries: based on the experience and the responsibilities of the position held;
* directors' fees: distributed equally among the members of the Board.

Directors' fees:
The remuneration granted to the members of the Board of Directors by way of director’s fees totalled €60,000 in 2008. It was approved by a decision of the Shareholders’ Meeting of 22 May 2008.

4. Internal control procedures established by the company

4.1 Definition of internal control

Internal control is defined as a process implemented simultaneously by the Board of Directors, Management and the employees of a group, which is designed to provide reasonable assurance that objectives are reached in the following areas:

* effectiveness and efficiency of operations;
* reliability of financial information;
* compliance with the laws and regulations in force.

Internal control consists of all methods which the Management have implemented to provide reasonable assurance that objectives are reached and to prevent the occurrence of damaging events.

4.2 Purposes and limits

Internal control ensures control of the company's operations and protects it from various types of risks, including:

* irregularities and fraud;
* a material omission or inaccuracy in the processing of information and, therefore, in the financial statements;
* failure to comply with the company's legal and contractual obligations;
* destruction, damage or disappearance of assets, or incorrect valuation of assets.

An internal control system, as good as it may be, can provide only reasonable assurance and not an absolute guarantee as to the achievement of the company's objectives, both because of the limits inherent in any process implemented by human beings and because of the limits on resources which all companies must take into account.

The Group relies on four types of information to guide its operations:

* the parent company financial statements (four times/year);
* the consolidated financial statements (three times/year);
* the quarterly financial statements (not published);
* the forecast financial statements (not published)

4.3 Procedures

Systematic identification of risks is the first step in internal control. Mapping the Group's risks presents no specific problems, and the principal challenges are as follows:

* control of raw materials purchases;
* control of manufacturing processes;
* environmental risks;
* protection of industrial assets and sites;

* control of the use of financial instruments and hedging currency risk.

The procedures that are applied in the various companies of the Group may be summarised as follows:

* accounting and financial

  - ➔ establishment of the forecast financial statements
  - ➔ budget monitoring
  - ➔ monitoring of intra-Group revenue
  - ➔ intra-Group accounting reconciliations
  - ➔ monitoring of monthly and year-to-date interim management balances
  - ➔ monthly and year-to-date cash position
  - ➔ composition and performance of the investment portfolio
  - ➔ monthly monitoring of the short- and medium-term financial commitments of the subsidiaries, with transmission and control of working capital requirements.

The internal control of financial instruments is specifically monitored by the Management, both with regard to the types of instruments used and the maximum risk levels incurred, which are measured daily.

These financial instruments (contracts or options) are of two types:

- they are either a hedging transaction to reduce the risk of a change in the value of an asset or liability or a commitment or future transaction not yet realised with which they are correlated;
- or they are purely financial in nature in the case of an additional amount outstanding.

* <u>in other areas, a number of regular reports are published</u>

➔ production reports
➔ monitoring of monthly and year-to-date industrial results,
➔ ISO 9000 and ISO 14000 certification;
➔ safety;
➔ PEFC and FSC audits.

The Group has no department dedicated to internal control that is responsible for conducting verifications on its behalf (either in the parent company or in the companies it controls).

The transactions contributing to the corporate activities of the Group and their presentation in the financial statements are verified, though not necessarily through the application of formalised procedures, by the Management or its delegates or agents, with the general goal of complying or ensuring compliance with the laws, regulations and standards in force, and of making every effort to prevent the occurrence of losses that could affect the Group's ability to continue operations.

- The Group uses the following accounting software or applications:

* ETAFI (tax management)
* REFLEX (consolidation)
* IWS (intra-Group reconciliations)
* SAP, MOVEX, NAVISION (accounting & finance)
* ZADIG HYPERVISION (personnel management)
* EXCALIBUR (intranet set up in 2007 at the accounting and finance level).
* :

- The companies of the Group have taken out the following insurance policies:

* comprehensive industrial
* insurance for machine breakdowns, costs and financial losses on co-generation
* comprehensive real property
* general civil liability
* environmental damage liability
* car fleet and truck insurance

The Chairman of the Board of Directors

Exacompta Clairefontaine S.A.

Parent Company
Financial Statements
as at 31 December
2008

BALANCE SHEET AND INCOME STATEMENT

ASSETS in 000s of €	31/12/2008	31/12/2007
Intangible assets		
Concessions, patents, licences, trademarks	56	97
Intangible assets in progress	14	
Fixed assets		
Land Buildings	3,651	2,601
Other tangible assets	13,554	15,199
Fixed assets in progress	17	29
Non-current financial assets		
Equity interests	289,218	289,218
Other non-current securities Loans		
Other non-current financial assets	40,870	34,730
	4	4
TOTAL NON-CURRENT ASSETS	**347,384**	**341,878**
Inventories	15	15
Advances and progress payments made on orders	149	60
Receivables	2,672	2,937
Trade and similar receivables	90,752	77,597
Other receivables Prepaid expenses	235	455
Cash and cash equivalents	242	743
TOTAL CURRENT ASSETS	**94,065**	**81,807**
Currency translation adjustment	219	303
TOTAL ASSETS	**441,668**	**423,988**

LIABILITIES in 000s of €	31/12/2008	31/12/2007
Share capital	4,526	4,526
Share, merger and contribution premiums	162,566	162,566
Revaluation discrepancy		485
Reserves	485	453
Statutory reserve		138,238
Other reserves Retained earnings	453	
	137,072	
Profit or (loss) for the year	**6,885**	**1,097**
Regulated provisions	1,953	1,719
SHAREHOLDERS' EQUITY	**313,940**	**309,084**
Provisions		
For contingent		
liabilities	6	820
For charges	247	225
TOTAL PROVISIONS	**253**	**1,045**
Financial debt		
Loans and debt with credit institutions	33,787	56,208
Operating payables		
Supplier and similar payables	1,058	1,191
Taxes and social security contributions payable	1,289	2,913
Other liabilities	90,992	53,191
Deferred income	136	145
TOTAL DEBT	**127,262**	**113,648**
Currency translation adjustment	213	211
TOTAL LIABILITIES	**441,668**	**423,988**
INCOME STATEMENT in 000s of €	**31/12/2008**	**31/12/2007**
Revenues	2,020	1,156
Operating subsidies		31
Reversals of depreciation, amortisation and provisions, transfer of charges	8,002	7,388
Other income	453	399
REVENUE FROM OPERATIONS	**10,475**	**8,974**
Purchases and other supplies	12	16
Other purchases and external charges	2,565	2,556
Taxes, duties and similar payments	333	661
Salaries and wages	4,629	4,470
Social security contributions	1,730	1,648
Increases in depreciation/amortisation of non-current assets	830	
Other expenses	8	219

	68	65
OPERATING EXPENSES	**10,175**	**9,635**
OPERATING PROFIT/(LOSS)	**300**	**-661**
Financial income from equity investments Income from other securities and receivables from non-current assets Other interest and similar income Reversals of provisions and transfer of charges Positive currency translation adjustments Net profit on sales of marketable securities	1,900 1,987 4,804 820 275	1,926 1,608 4,538 141
FINANCIAL INCOME	**9,786**	**8,213**
Increases in depreciation, amortisation and provisions Interest expense and similar expenses Negative currency translation adjustments Net expenses on sales of marketable securities	6 6,867 198	92 5,255 220
FINANCIAL EXPENSES	**7,071**	**5,567**
FINANCIAL INCOME/(EXPENSE)	**2,715**	**2,646**
INCOME BEFORE TAXES	**3,015**	**1,985**
Extraordinary income On operating transactions On capital transactions Reversals of provisions, expense transfers	114 142 44	121 229 5
EXTRAORDINARY INCOME	**300**	**355**
Extraordinary expenses On operating transactions On capital transactions Increases in depreciation, amortisation and provisions	138 309	3,200 231 85
EXTRAORDINARY EXPENSES	**447**	**3,516**
EXTRAORDINARY INCOME/(EXPENSE)	**-147**	**-3,161**
Income taxes	-4 017	-2 273
NET INCOME FOR THE YEAR	**6,885**	**1,097**

NOTES TO THE PARENT COMPANY

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 31 DECEMBER 2008

KEY EVENTS OF THE YEAR

Introduction

Note to the balance sheet prior to breakdown for the year ended 31/12/2008, for which:

- Total assets were: €441,668,399.40
- Net income was: €6,884,969.98

Principal events of the year

There are no significant events warranting disclosure of

specific information **Accounting principles, rules**

and methods

The annual financial statements were prepared and are presented in accordance with the applicable French regulations, as set forth in the decrees of the *Comité de la Réglementation Comptable* (CRC - Accounting Regulatory Committee).

Comparability of the financial statements

The fiscal year is a period of 12 months that runs from 01/01/2008 to 31/12/2008. The notes provided below form an integral part of these annual financial statements.

ACCOUNTING RULES AND METHODS

General accounting conventions have been applied, in compliance with the principle of prudence, according to the following basic assumptions:

- continuity of operations;
- constant accounting methods from one year to the next;
- independence of years;

and in accordance with the general rules regarding the preparation and presentation of annual financial statements.

The basic method used to value the items recorded is the historical cost method.

The principal methods used are as follows

Intangible assets

Amortisation was calculated using the straight line method, based on the probable useful life:

□ Software	1 to 3 years

Fixed assets

Valuation:

Property, plant and equipment were valued at their acquisition cost (purchase price excluding ancillary expenses) or production cost.

Amortisation:

Amortisation is calculated using the straight line method based on the estimated useful life of each component of fixed assets on the following bases:

□ Buildings	25 to 50 years
□ Fixtures and building furnishings	10 to 20 years
□ Office supplies and computers	3 to 10 years

Depreciation:

At the end of each year, the company assesses the value of its fixed assets to determine whether there are indications of a loss in value. If so, the recoverable value of the asset is estimated. If the recoverable value is less than the book value, a write-down is taken for the amount of the difference.

Non-current financial assets

The gross value consists of the purchase cost, excluding ancillary expenses.

If the asset value is less than the gross value, a write-down is taken for the amount of the difference.
The asset value is assessed on the basis of the net position, which may be consolidated in the case of a group of subsidiaries, and on the prospects of each subsidiary or group of subsidiaries.

Inventories

The purchase made in 1997 of stumpage softwood is held in stock. A write-down of €183,000 was taken because of the effects of the storm of 26 December 1999.

Receivables and payables

Valuation and impairment:

Receivables and payables are valued at their nominal amount. A write-down is taken against receivables when their inventory value is less than their book value.

Receivables and payables denominated in foreign currencies:

These items are valued using the last exchange rate as at the close of the fiscal year. Differences resulting from this valuation are recorded as currency translation adjustments, in assets or liabilities. Provisions for foreign exchange losses are recognised for positive currency translation adjustments.

Cash

Short-term cash:

Short-term needs are financed by commercial paper issued in the market and spot loans.
The authorised outstanding paper totalled €125 million at year-end. This paper remained unused given the absence of a market for commercial paper.

Drawing line:

A drawing line is in place with several banks for a maximum amount of €150,000, with maturities falling between 1 and 4 years from the end of the fiscal year.

The outstanding amount on this line was €33,100 as at year-end.

Accelerated depreciation/amortisation

Accelerated depreciation consisted of the difference between the depreciation calculated according to tax practices and that calculated according to the straight line method based on the probable useful life.

Accelerated depreciation totalled €1,953,000 at year-end.

Provisions for contingent liabilities and charges

Provision for pensions:

The method used to calculate this provision is the projected credit units method. The calculation is based on the following main assumptions:

- payments received pursuant to the collective agreement “Production of papers, cardboard and cellulose”;
- discount rate: 4.57%
- social security contributions rate: 40%

The amount of the retirement commitment - including social security contributions - has been provisioned in full as at year-end and totalled €195,000.

Other provisions:

A provision for risks on financial instruments has been re-established in full for the fiscal year in the amount of €728,000.

Other information

Identity of the parent company consolidating the company's financial statements:

Ets Charles NUSSE, S.A., with a Board of Directors and an authorised capital of €1,632,000, at 15, rue des Ecluses St Martin 75010 PARIS.

Percentage held: 80.46%

Tax consolidation:

All the subsidiaries consolidated by full consolidation are consolidated for tax purposes, except for the foreign companies and Pelissier MI and Châtelles Transformation.

The parent company of the tax group is Exacompta Clairefontaine.

The tax savings realised by the parent company are returned to the subsidiaries when they become profitable and can charge their own losses. The tax savings realised in 2008 totalled €4,017,000.

Individual training rights:

No request was made by employees. The volume acquired is 4,558 hours as at year-end.

Staff:

The staff of the parent company totalled 60 persons at 31 December 2008 (2 administrative managers and 58 sales managers), compared to 61 persons at 31 December 2007.

Remuneration of administrative bodies and Management:

The members of the Board of Directors receive no remuneration from the company.

The remuneration granted to the members of the Board of Directors as directors' fees totalled €60,000 in 2008, and was awarded by a decision of the Shareholders' Meeting of 22 May 2008.

INFORMATION ON THE BALANCE SHEET

AND INCOME STATEMENT

Share capital

	Number of shares	Par value
At 1 January	1,131,480	€4
At 31 December	1,131,480	€4

Change in shareholders' equity (in 000s of €)

Shareholders' equity at 31/12/2007	**309,084**
Dividends distributed	-2,263
Change in regulated provisions	234
Income for fiscal year 2008	6,885
Shareholders' equity at 31/12/2008	**313,940**

Change in gross non-current assets

in 000s of €	Gross amount at year opening	Purchases	Sales	Other activity	Gross amount at year-end
Concessions, patents, licences	168				168
Intangible assets in progress		14			14
Intangible assets	**168**	**14**			**182**
Land	2 601	14	138	1,174	3,651
Buildings and fixtures	20,782	281		-1,174	19,889
Other tangible assets	46	3			49
Fixed assets in progress					
Property, plant and equipment	**23,429**	**298**	**138**		**23,589**
Equity interests	289,218				289,218
Other non-current securities					
Loans	34,730	17,006	10,866		40,870
Other financial assets	4				4
Non-current financial assets	**323,952**	**17,006**	**10,866**		**330,092**

Inventory of securities held in the portfolio

Company name	Number of shares	% equity interest	Net inventory value
Papeteries de Clairefontaine	5,700,000	100%	103 ,001,491
Exacompta	135,000	100%	115,692,905
Ateliers de Fabrication d'Agendas	90,000	100%	49,633,434
Clairefontaine Rhodia	161,892	100%	20,889,921
Coopérative Forestière Lorraine	1	insignificant	178

Change in depreciation/amortisation of non-current assets

in 000s of €	Amount at year opening	Additions	Reversals	Other activity	Amount at year-end
Concessions, patents, licences	71	41			112
Intangible assets	**71**	**41**			**112**
Land					
Buildings and fixtures	5,583	774	22		6,335
Other tangible assets	17	15			32
Property, plant and equipment	**5,600**	**789**	**22**		**6,367**

Change in provisions and write-downs

in 000s of €	Provisions at year opening	Additions	Reversals (used)	Reversals (not used)	Amounts at year end
Accelerated depreciation/amortisation	1,719	257	23		1,953
Regulated provisions	**1,719**	**257**	**23**		**1,953**
Risks on financial instruments Foreign	728	6 8	728	38	6
exchange losses Pensions and similar	92	52	92		195
obligations For taxes	225				52
Provisions for contingent liabilities and charges	**1,045**	**66**	**820**	**38**	**253**
Other non-current securities	183				183
Write-downs of inventory					
Write-downs	**183**				**183**

Increases and reversals		
o operating	8	38
o financial	6	820
o extraordinary	309	23
Total	**323**	**881**

Receivables schedule

Receivables due – in 000s of €	Gross amounts	Less than 1 year	More than 1 year
Receivables from non-current assets			
Loans	40,870	8,336	32,534
Other financial assets	4		4
Receivables from current assets			
Trade receivables	2,672	2,672	
Personnel and related	9	9	
Social entities			
Income taxes	3,327	3,327	
Value added tax	176	176	
Group and associates	87,240	87,240	
Other receivables			
Prepaid expenses	235	235	
Total	**134,533**	**101,995**	**32,538**

Payables Schedule

Payables due – in 000s of €	**Gross amounts**	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**
Loans and debts – Credit institutions	33,787	33,593	194	
Suppliers and related	1,058	1,058		
Personnel and related	647	647		
Social entities	437	437		
Income taxes				
Value added tax	152	152		
Other taxes, duties and similar items	53	53		
Liabilities on non-current assets				
Group and associates	90,992	90,992		
Deferred income	136	136		
Total	**127,262**	**127,068**	**194**	

Breakdown of prepaid expenses and deferred income

in 000s of €	**Prepaid expenses**	**Deferred income**
External expenses	115	
Financial transactions	120	136
Total	**235**	**136**

Breakdown of accrued liabilities and accrued income

in 000s of €	**Accrued liabilities**	**Accrued income**
Invoices not received/to be established	117	171
Tax and social security payables /receivables	799	
Financial transactions	46	67
Total	**962**	**238**

Breakdown of transfer of charges

in 000s of €	**Transfer of de charges**
Transfer of external charges	1,871
Transfer of personnel charges	6,018
Transfer of taxes & duties	75
Total	**7,964**

Extraordinary income and expenses

in 000s of €	31/12/2008	31/12/2007
Sale of property, plant and equipment	142	
Sale of non-current financial assets		229
Reversal of accelerated depreciation	23	5
Other extraordinary reversals	21	
Other income	114	121
Total extraordinary income	**300**	**355**
Sale of property, plant and equipment	138	
Sale of non-current financial assets		231
Increase in accelerated depreciation	257	85
Other extraordinary additions	52	
Other expenses		3,200
Total extraordinary expenses	**447**	**3,516**

Breakdown of income taxes

Breakdown – in 000s of €	**Income before tax**	**Taxes owed**	**Net income after tax**
Current income	3,015		3,015
Extraordinary income	-147		-147
Taxes receivable – tax consolidation		-4,017	4,017
Total	**2,868**	**-4,017**	**6,885**

Deferred and contingent tax position

in 000s of €	**Amount**
Tax on:	
Accelerated depreciation/amortisation	651
Total increases	651
Prepaid tax on:	
Paid holidays	111
Other	70
Total reductions	181
Net deferred tax position	**470**
Net contingent tax position	**0**

Financial instruments

Valuation:

The company uses derivatives products mainly to hedge against rate risks. Transactions performed to hedge exchange rate risks are insignificant.

The valuation of the financial instruments was -€1,094,000 at 31/12/2008. *Interest*

rate risks:

In order to protect itself against changes in interest rates, the Group executed hedges in the form of interest rate swaps, cap and floor contracts. 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.

Portfolio of financial instruments at 31/12/2008:

Residual maturity in 000s of €	Less than 1 year	1 to 5 years	More than 5 years	Total
Rate swaps	6,321	22,565	4,986	33,872
Caps purchased	250	437		687
Floors sold	125	219		344
Total	**6,696**	**23,221**	**4,986**	**34,903**

Off-balance sheet commitments

The companies which head sub-groups (Exacompta, Papeteries de Clairefontaine, Clairefontaine Rhodia, AFA) guarantee all repayments of their subsidiaries which borrow from the parent company.

There are no commitments to related companies.

Amounts concerning related companies

in 000s of €	Related companies
Non-current assets	**330,042**
Equity interests	289,218
Loans	40,824
Current Assets	**89,912**
Trade and similar receivables	2,672
Other receivables	87,240
Payables	**91,019**
Supplier and similar payables	27
Other liabilities	90,992
Financial income	**8,343**
Dividends	1,900
Financial expenses	**3,257**
Operating revenue	**10,224**
Finance leases	1,872
Other income	412
Transfer of charges	7,940

List of subsidiaries and equity interests– in euros

Direct subsidiaries in which more than 50% is held	% held Dividends received	Share capital Shareholders' equity	Shares Gross Amount Net Amount	Loans Advances
Papeteries de Clairefontaine 88480 ETIVAL CLAIREFONTAINE	100% 1,083,000	91,200,000 161,753,318	103,001,491 103,001,491	
Exacompta 138, Quai de Jemmapes 75010 PARIS	100%	2,160,000 82,507,800	115,692,905 115,692,905	8,196,429
Atelier de Fabrication d'Agendas 132, Quai de Jemmapes 75010 PARIS	100% 817,200	1,440,000 45,424,092	49,633,434 49,633,434	800,000
Clairefontaine Rhodia RD 52 68490 OTTMARSHEIM	100%	17,241,498 6,717,766	20,889,921 20,889,921	4,237,500

Some accounting information concerning the subsidiaries has not been provided as its disclosure could cause serious harm.

Exacompta Clairefontaine S.A.

Reports of the Statutory Auditors

- □ **General report**
- □ **Special report on the regulated agreements and commitments**
- □ **Report on the Chairman’s report on the operations of the Board of Directors and internal control**

SEREC AUDIT
Statutory Auditor

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BATT AUDIT
Statutory Auditor

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(Nancy Institute of Statutory Auditors)
25 rue du Bois de la Champelle
54500 VANDOEUVRE LES NANCY

Report of the statutory auditors on the annual financial statements

Fiscal year from 01/01/2008 to 31/12/2008

EXACOMPTA CLAIREFONTAINE S.A.

French Corporation (*Société Anonyme*) with a share capital of €4,525,920

88480 ETIVAL CLAIREFONTAINE

REPORT OF THE STATUTORY AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS

Year ended 31 December 2008

EXACOMPTA CLAIREFONTAINE S.A.
88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we present to you our report on the year ended 31 December 2008, concerning:

- the audit of the annual financial statements of the parent company, EXACOMPTA CLAIREFONTAINE S.A., which are appended to this report;
- the bases for our assessments;
- the specific verifications and information required by law.

The parent company annual financial statements were prepared by the Board of Directors. It is our responsibility, based on our audit, to express an opinion on those statements.

1 - Opinion on the parent company annual financial statements

We performed our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements do not contain material errors. An audit involves the review, by way of sample tests or other means of selection, of the documents underlying the amounts and information set forth in the annual statements. It also consists of an assessment of the accounting principles followed, the significant estimates made and the presentation of the statements as a whole. We believe that the evidence we have gathered provides a reasonable basis for our opinion.

We certify that the annual financial statements are, with regard to French accounting rules and principles, in order and accurate and fairly present the results of operations for the past year and the financial position and assets of the company at the end of that year.

2 - Bases of assessments

Pursuant to the provisions of Article L.823-9 of the Commercial Code regarding the bases of our assessments, we provide you with the following information:

Accounting rules and principles
The notes set forth the accounting rules and methods concerning equity interests.

As part of our assessment of the accounting rules and principles followed by your company, we verified the appropriateness of the accounting methods described above and the information provided in the notes to the statements, and we assured ourselves that they were applied correctly.

The assessments carried out are part of our audit of the annual financial statements, taken as a whole, and thus contributed to the formation of our opinion, which is expressed in the first part of this report.

3 - Specific checks and information

We also performed specific checks required by the law.

We have no comments to make about the accuracy and consistency with the parent company annual financial statements of the information provided in the report of the Board of Directors and in the documents addressed to the shareholders concerning the financial situation and the annual financial statements.

As required by law, we inform you that, contrary to the provisions of Article L.225-102-1 of the French Commercial Code, your company did not provide in its report of the Board of Directors the information concerning the remuneration and benefits paid to the corporate officers of the company, as well as the commitments of any kind made to them at the time of or subsequent to the assumption, termination or change in their positions.

Pursuant to the law, we assured ourselves that the other information regarding the identity of the holders of the capital and voting rights was communicated to you in the report of the Board of Directors.

Paris and Vandœuvre-lès-Nancy, 30 April 2009

The Statutory Auditors

SEREC AUDIT **BATT AUDIT**

Benoit Grenier Pascal François

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Special Report of the statutory auditors on the regulated agreements and commitments

Fiscal year of 01/01/2008 to 31/12/2008

EXACOMPTA CLAIREFONTAINE S.A.

French Corporation (*Société Anonyme*) with a share capital of €4,525,920

88480 ETIVAL CLAIREFONTAINE

SPECIAL REPORT OF THE STATUTORY AUDITORS ON THE REGULATED AGREEMENTS AND COMMITMENTS

Year ended 31 December 2008

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In our role as the statutory auditors of your company, we present to you our report on the regulated agreements and commitments.

It is not our responsibility to seek out the possible existence of agreements and commitments, but to inform you, on the basis of the information provided to us, of the essential characteristics and conditions of those of which we have been informed, without having to express an opinion on their usefulness or appropriateness. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code, to assess the interest attached to entering into these agreements and commitments with a view to their approval.

No notification of agreements or commitments

We have not been informed of any agreement or commitment entered into during the year that is governed by Article L.225-38 of the French Commercial Code.

Agreements and commitments approved during prior years the performance of which continued during the past year

In addition, pursuant to the French Commercial Code, we were informed that the performance of the following agreements and commitments, which were approved during prior years, continued during this past year.

<u>Agreement with companies of the Exacompta Clairefontaine Group</u>

- Nature and purpose: Exacompta Clairefontaine S.A. provides companies of the Group with administrative, legal and marketing assistance.

- Conditions: Since 1 January 2003, Exacompta Clairefontaine S.A. has received a fee from each of the companies of the Group equal to 0.2% of its value added for the previous year. For fiscal year 2008, the income recorded in the financial statements of Exacompta Clairefontaine was €412,424.

<u>Agreement with Clairefontaine Rhodia</u>

- Nature and purpose: Exacompta Clairefontaine S.A. leases to the company Clairefontaine Rhodia a residential complex located in Mulhouse.

- Conditions: Pursuant to this agreement your company recorded income of €23,000 for the year.

We have conducted the procedures which we judged necessary in the light of the professional policies of the *Compagnie nationale des commissaires aux comptes* (National Institute of Statutory Auditors) relative to this engagement. These procedures consisted of verifying that the information given to us was consistent with the source documents from which it was taken.

Paris and Vandœuvre-lès-Nancy, 30 April 2009

The Statutory Auditors

SEREC AUDIT **BATT AUDIT**

Benoit Grenier Pascal François

SEREC AUDIT
Statutory Auditor

Member of the Compagnie Régionale de Paris
(Paris Institute of Statutory Auditors)
21 rue Leriche
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BATT AUDIT
Statutory Auditor

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25 rue du Bois de la Champelle
54500 VANDOEUVRE LES NANCY

Rapport of the statutory auditors on the report of the Chairman of the Board of Directors, drawn up pursuant to Article L.225-235 of the French Commercial Code

Fiscal year of 01/01/2008 to 31/12/2008

EXACOMPTA CLAIREFONTAINE S.A.

French Corporation (*Société Anonyme*) with a share capital of €4,525,920

88480 ETIVAL CLAIREFONTAINE

Rapport of the statutory auditors on the report of the Chairman of the Board of Directors, drawn up pursuant to Article L.225-235 of the French Commercial Code

Year ended 31 December 2008

EXACOMPTA CLAIREFONTAINE S.A.
88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In our role as statutory auditors of EXACOMPTA CLAIREFONTAINE S.A. and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we present to you our report on the report prepared by the Chairman of your company in accordance with the provisions of Article L. 225-37 of the French Commercial Code with regard to the year ended 31 December 2008.

The Chairman is required to draw up and submit a report to the Board of Directors for approval detailing the internal control and risk management procedures established by the company, in addition to other information required by Articles L.225-37 of the French Commercial Code relating in particular to corporate governance.

It is our responsibility to:

- provide you with our comments on the information contained in the Chairman's report concerning the internal control procedures for the preparation and processing of the accounting and financial information; and

- certify that the report comprises all the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to verify the accuracy of said other information.

We carried out our work in accordance with the professional standards applicable in France.

Information concerning the internal control procedures for preparing and processing accounting and financial information

The professional standards require the performance of procedures that enable the assessment of the accuracy of the information concerning the internal control procedures related to the preparation and processing of accounting and financial information contained in the Report of the Chairman. These procedures consist, among others, in:

- acquainting ourselves with the internal control procedures for the preparation and processing of the accounting and financial information that underlies the information presented in the Chairman's report, and also the existing documentation;
- acquainting ourselves with the work that enabled the preparation of this information and with the existing documentation;
- determining whether the main deficiencies in the internal controls for the preparation and processing of the accounting and financial information which we found during the course of our assignment are appropriately discussed in the Chairman's report.

Based on the work performed, we have no comments to make with regard to the information concerning the internal control procedures of the company for the preparation and processing of the accounting and financial information in the report of the Chairman of the Board of Directors, which was prepared in accordance with the provisions of Article 225-37 of the French Commercial Code.

Other information

We hereby certify that the report of the Chairman of the Board of Directors comprises the other information required by Article L.225-37 of the French Commercial Code.

Paris and Vandœuvre-lès-Nancy, 30 April 2009

The Statutory Auditors

SEREC AUDIT **BATT AUDIT**

Benoit Grenier Pascal François

Exacompta Clairefontaine S.A.

Consolidated Financial
Statements as at 31
December 2008

Consolidated balance sheet

in 000s of €	31/12/2008	31/12/2007	Notes
NON-CURRENT ASSETS	**237,957**	**230,945**	
Intangible assets	14,044	11,774	(2.1.4)
Intangible assets – Goodwill	14,110	13,014	(2.1.4)
Property, plant and equipment	206,499	202,859	(2.1.5)
Financial assets	2,554	2,507	(2.1.6)
Deferred taxes	750	791	(2.4)
CURRENT ASSETS	**342,786**	**372,147**	
Inventories	157,936	151,773	(2.2.1)
Trade and other receivables	154,535	161,513	(2.2.2)
Advances	1,681	2,515	
Taxes receivable	3,483	262	
Cash and cash equivalents	25,151	56,084	(2.2.3)
TOTAL ASSETS	**580,743**	**603,092**	

			Notes
SHAREHOLDERS' EQUITY	**359,423**	**357,971**	
Capital	4,526	4,526	
Reserves related to capital	230,755	231,921	
Consolidated reserves	121,063	107,858	
Currency translation reserve	-2,072	-699	
Profit/(Loss) – Group share	5,237	14,311	
Shareholders' equity – Group share	**359,509**	**357,917**	
Minority interests	-86	54	
NON-CURRENT LIABILITIES	**100,964**	**104,919**	
Interest bearing debt	62,259	63,379	(2.6)
Deferred taxes	28,119	27,150	(2.4)
Provisions	10,586	14,390	(2.5)
CURRENT LIABILITIES	**120,356**	**140,202**	
Trade payables	57,018	54,872	
Short-term portion of interest-bearing debt	11,980	30,787	(2.6)
Provisions	1,952	1,909	(2.5)
Tax liabilities	0	1,734	
Other liabilities	49,406	50,900	(2.8)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**580,743**	**603,092**	

Consolidated Income Statement

in 000s of €	31/12/2008	31/12/2007	Notes
Income from ordinary activities	546,605	538,113	
- Sales of products	539,792	530,475	
- Sales of services	6,813	7,638	
Other operating income	11,807	9,982	
- Reversal of depreciation/amortisation	1,925	1,038	(2.1.4, 2.1.5)
- Subsidies	33	198	
- Other income	9,849	8,746	
Change in inventory of finished products and work-in-process	3,351	10,963	(2.2.1)
Capitalised production costs	478	259	
Goods and materials used	-266,206	-259,479	(2.2.1)
External expenses	-89,296	-85,249	
Personnel expenses	-143,248	-143,446	(2.11)

Taxes and duties	-12,654	-13,649	
Depreciation/amortisation	-25,325	-23,571	(2.1.4, 2.1.5)
Other operating expenses	-13,271	-9,594	
OPERATING PROFIT – before amortisation of goodwill	**12,241**	**24,329**	
Amortisation of goodwill	0	-80	(2.1.4, 2.1.1)
OPERATING PROFIT – after amortisation of goodwill	**12,241**	**24,409**	
Financial income	4,697	4,096	
Financial expenses	-9,695	-7,615	
Financial income	-4,998	-3,519	(2.12)
Income taxes	-2,151	-6,640	(2.4, 2.10)
Income after tax	**5,092**	**14,250**	

Net income – minority share	**-145**	**-61**
Net income – Group share	**5,237**	**14,311**

Income for the period	5,237	14,311	
Number of shares	1,131,480	1,131,480	(2.3)
EARNINGS PER SHARE (basic and diluted)	**4.63**	**12.65**	

Statement of changes in consolidated shareholders' equity

in 000s of €	**Shareholders' equity – Group share**	**Shareholders' equity – minority share**	**Total shareholders' equity**
Balance at 31/12/2006	**346,035**	**-435**	**345,600**
Currency translation difference	-89		-89
Sale of shares to Group – reclassification of minority interests		440	440
Share of minority interests in acquisitions		110	110
Other changes	-77		-77
Total from operations that did not affect earnings	-166	550	384
Profit/(Loss) for the year	14,311	-61	14,250
Dividends	-2,263		-2,263
Balance at 31/12/2007	**357,917**	**54**	**357,971**
Currency translation difference	-1,374		-1,374
Sale of shares to Group – reclassification of minority interests	-8	5	-3
Other changes			
Total from operations that did not affect earnings	-1,382	5	-1,377
Profit/(Loss) for the year	5,237	-145	5,092
Dividends*	-2,263		-2,263
Balance at 31/12/2008	**359,509**	**-86**	**359,423**

* €2 per share.

Statement of consolidated cash flows

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

in 000s of €	31/12/2008	31/12/2007	Notes
Cash and cash equivalents in assets	25,151	56,084	(assets)
Bank overdrafts payable on demand	-10,564	-26,650	(2.6)
Accrued interest on financial debt	-49	-48	(2.6)
Cash in statement of changes in cash flow	**14,538**	**29,386**	

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

Change in cash flows

(Change in shareholders' equity)

in 000s of €	31/12/2008	31/12/2007	Notes
Total consolidated net income	**5,092**	**14,250**	
Elimination of operating expenses and income that do not affect cash or are not related to operations:			(2.1.4 to 2.1.6 2.5) (2.4)
• Depreciation, amortisation and provisions	19,692	22,453	
• Change in deferred taxes	969	1,237	
• Gains on sales, net of taxes	383	360	
• Currency translation adjustments	-1,374	-89	
• Other	-15	473	
Cash flow of consolidated companies	*24,747*	*38,684*	
• Change in working capital requirements for operations	986	3,733	Balance sheet
• Change related to income taxes	-5,420	4,674	
• Income taxes paid	465	1,685	
(1) Net cash flow from operating activities	**20,778**	**48,776**	
• Purchase of fixed assets	-28,822	-23,615	(2.1.4 to 2.1.6)
• Sale of fixed assets	3,233	3,359	
• Effect of changes in consolidation– purchases	-5,288	-2,841	
• Effect of changes in consolidation– sales	0	0	
(2) Cash flow from investing activities	**-30,877**	**-23,097**	
• Dividends paid	-8,541	-8,156	Change in shareholders' equity
• Dividends received	6,278	5,893	
• Capital increase			
• Borrowings	9,640	11,728	
• Loans repaid	-8,034	-27,041	
• Interest paid	-4,640	-4,928	
• Interest received	548	1,760	
(3) Cash flow from financing activities	**-4,749**	**-20,744**	
(1+2+3) Total cash flow	**-14,848**	**4,935**	

Opening cash	29,386	24,451
Closing cash	14,538	29,386
Change in cash	**-14,848**	**4,935**

Presentation of the consolidated financial statements

1-General principles – statement of conformity

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 financial statements of the Exacompta Clairefontaine Group were prepared by the Board of Directors on 6 April 2009. They will not be final until they have been approved by the Shareholders' Meeting.

2-Adoption of international standards

New mandatory standards in 2008:

On 15 October 2008, the European Union adopted the amendment to standards IAS 39 and IFRS 7 published by the International Accounting Standards Board in response to the crisis affecting the international financial system. These amendments, which relate to the reclassification of financial assets, do not affect the Group's statements at 31 December 2008.

New standards and amended standards for which application is not mandatory:

* IFRS 8 *Operating sectors* – adopted by the European Union on 22 November 2007.
  It replaces IAS 14 *Sector information*. The Group's application of IFRS 8 beginning 1 January 2009 should not have a significant impact on the presentation of the financial statements.

* IAS 1 *Presentation of financial statements* revised – adopted by the European Union on 17 December 2008.
  The impact on the presentation of the Group's financial statements is being determined.

* IAS 23 *Borrowing Costs* revised – adopted by the European Union on 10 December 2008.
  The revision requires the capitalisation of borrowing costs that are directly related to the purchase, construction or production of an asset that requires a long preparation period before it can be used or sold. The application of this revision of IAS 23 does not currently have any significant impact on the Group's statements.

The Group did not expect the application of any standard or interpretation in 2008. Also, theses new standards and amendments which shall apply from 1 January 2009 are not expected to have any significant impact on the financial statements.

At its meeting on 23 and 24 June 2005, the IASB withdrew the IFRIC 3 interpretation regarding the accounting treatment of greenhouse gas emission rights. As a result, the accounting treatment applied is described in note 9. This treatment is being used provisionally while waiting for a definitive IASB position.

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 standards 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 and liabilities, and 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 are also the basis for the exercise of judgment necessary for the determination of 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 underlying estimates and assumptions are re-examined on an ongoing basis. The impact of changes in accounting estimates is recorded during the period in which the change occurs and all the other periods affected.

The accounting methods described below have been applied on an ongoing basis to all the periods presented in the consolidated financial statements.

The accounting 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 (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, contingent losses and gains, and the revenues and expenses resulting from transactions within the Group are eliminated in the consolidation.
Contingent gains arising from transactions with affiliates are eliminated in the proportion of the Group's ownership percentage. Contingent 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 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 as of the year-end date are converted to euros at the exchange rate in effect on that date. 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 as of the year-end 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 in the currency translation adjustment as a separate component of shareholders' equity.

6-Business combinations

Acquisitions of subsidiaries are recorded using the acquisition method set forth in IFRS 3. The acquisition cost is deemed to be the total of the fair values of the assets obtained and the liabilities incurred as of 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 initially valued at its cost, meaning the excess of the cost of the business combination over the purchaser's share in the net fair value of the assets, liabilities and identifiable potential liabilities. If the purchaser's share exceeds the cost of the business combination, the excess is recorded immediately in the income statement.

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 has elected to apply 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 fixed assets owned by the Group are recorded at the initial purchase cost, less accumulated depreciation and impairment. Fixed assets 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 a separate asset.

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 financial 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 debt. 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 financial lease agreement so as to obtain a constant periodic interest rate on the balance of the remaining financial payable 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 computers	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- Non-current intangible assets

Research and development expenses

Research expenses 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 quota trading system for greenhouse gases, adopted on 13 October 2003.

A quota is a unit of account that represents the emission of one tonne of carbon dioxide that is covered by a certificate issued by the State, which is valid for a specific period of time.
The State allocates a certain number of quotas to operators for each authorised facility.
The total volume of carbon dioxide emitted by each facility during one calendar year is measured or calculated and stated in tonnes of carbon dioxide.
The operator is required to compensate the State each year for the number of quotas equal to the total of its emissions during the past calendar year.
The State allocates quotas free of charge under a national quota allocation plan. The first three-year period ended on 31 December 2007. The second five-year period commenced on 1 January 2008 and runs from 2008 to 2012.

The quotas are movable property that are documented only by an entry in the owner's account in the French national register. They are negotiable and may be transferred from one account to another, and give their holders identical rights. Although they do not directly increase the future economic benefits of an existing asset, the emission quotas are necessary for the subsidiaries to achieve future economic benefits from their other assets. Therefore, they are recorded as assets as an intangible asset.
The obligation to compensate the State for gas emissions that occur during the period generates the recognition of a liability for that expense.

The greenhouse gas emission quotas are recorded at the value determined in the exchange market on the date they are received plus, if applicable, the value of the quotas purchased in the market.
The liability corresponding to the emission quotas to be compensated is valued based on the initial value of the quotas allocated plus, if applicable, the value of the quotas purchased in the market. If the value of the quotas held as assets is greater than the value of the quotas for which compensation must be made, an impairment test is performed, consisting of comparing the book value to the exchange market value as of the end of the period in question.

Goodwill

Goodwill arises from the acquisition of subsidiaries.

In the case of acquisitions of companies that have occurred after 1 January 2003, goodwill represents the difference between the acquisition cost and the fair value of the net assets, less any identifiable liabilities.
In the case of acquisitions prior to this date, goodwill is maintained at its presumed cost, which represents the amount recorded under the earlier accounting standard.

Goodwill is valued at cost, less accumulated impairment.

For the purposes of impairment tests, goodwill is allocated to cash generating units that are subject to an annual impairment test, so that at each account statement date there is an indication of whether the unit may be written down.

The cash generating units were determined at the level of the entities carrying goodwill. Most of these cash generating units are outside the consolidated Group, and they are smaller in size than the business sectors defined by IAS 14 "Sector Information".
Each year value tests are performed on all goodwill, 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 of 8%, and include a terminal value.

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 do undergo an annual write-down test so that at each account statement date 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 losses in value.

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-Depreciation/amortisation of tangible and intangible assets (excluding goodwill and trademarks)

At the end of each period, the Group reviews the book values of the tangible and intangible assets in order to determine whether there is any indication that an asset has lost value. If it has, the recoverable value of the asset is estimated in order to determine the potential impairment. When the recoverable value of a single asset cannot be estimated, the Group determines the recoverable value of the cash generating unit to which the asset belongs.

The recoverable value of an asset is the higher of the fair value less sale costs and the useful value. The useful value 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.

A loss in value 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

Equity interests that are not consolidated are classified as assets available for sale 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.
Receivables from equity interests 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 category IAS 39 of loans and receivables. They are valued at their fair value when initially recognised and at the amortised 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 stocks 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 negligible risk of a change in value. Marketable securities are classified in the category of assets available for sale.

Bank overdrafts repayable on demand, 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 hedge its exposure to the interest rate risks resulting from its operating, financial and investing activities. Under its cash management policy, the Group does not hold or issue financial derivatives instruments for transaction purposes.

The Group does not apply special hedge accounting (cash flow and fair value hedges). Derivative financial 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 as income.

The fair value of interest rate swaps, caps and floors is the estimated amount the Group would receive or pay to settle the instruments at the closing date.

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- Personnel benefits

Defined contribution plans

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

Provisions for pensions

The net obligation of the Group for defined benefit plans is estimated separately for each plan 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 plan. The discount rate is determined using the market rate of the OATs (French treasury bonds) on the closing date, based on the obligations of leading companies. The calculations are performed using the projected credit units 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 as of the closing 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 simple lease agreements

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

Financial income/(expense)

The net financial income/(expense) includes 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 tax payable is the estimated amount of the tax due on taxable income for a period, which is determined by using the tax rates that have been adopted or nearly adopted at the closing date, and any adjustment of the amount of tax payable for prior periods.

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 the recognition of deferred taxes:

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

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-Financial risk management

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 that are 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 significant impact on the income statement or shareholders' equity at 31 December 2008.

□ 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. The Group adapts its rate hedging decisions based on trends in interest rates and its outstanding debt. To this end, it enters into interest rate swaps.

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.
To this effect, short-term financing (maturities of less than one year) is provided by commercial paper or spot loans on which a fixed rate is paid. The Group also has a drawing line to cover medium- and long-term maturities.

Credit risk

The 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- Sector information

Based on the internal organisation of the Group, the top level sector information is presented by area of activity and the second level sector information is presented by geographic area.

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

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

Transactions among the different areas of activity are carried out under market conditions.

The sector information by geographic area is divided, for revenues, by sales area to customers 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 31 December 2008 using the full consolidation method (F.C.).

Name	Address	% equity interest	% controlling interest	Consolidation method	SIREN N°
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
BRAUSE Produktion I.L.	Heckenkamp 30 D - 58640 ISERLOHN	100	100	F.C.	
BRAUSE GmbH	D - 51149 KÔLN	100	100	F.C.	
BRAUSE Produktion	D - 51149 KÔLN	100	100	F.C.	
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
CHÂTELLES TRANSFORMATION	Route des Châtelles 88110 RAON L'ETAPE	100	100	F.C.	492 300 561
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
CLAIR MOROCCO	3, rue Kassar Maarif 20100 MAARIF - CASABLANCA	75	75	F.C.	
EXACLAIR POLSKA	Ul Krakowska 141-155 PL - 50-428 WROCLAW	100	100	F.C.	
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
EXACLAIR BARCELONA	E - 08110 MONTCADA Y REIXAC	100	100	F.C.	
EXACLAIR BRUSSELS	249, Boulevard de l'Humanité B - 1620 DROGENBOS	100	100	F.C.	
EXACOMPTA	138, Quai de Jemmapes 75010 PARIS	100	100	F.C.	702 047 564
EXACLAIR IRELAND	9, Cedar Drive - Millfarm DUNBOYNE	100	100	F.C.	
EXACLAIR NEW YORK	143 West 29th Street USA - NEW YORK	100	100	F.C.	
FACIMPRIM	15, rue des Ecluses Saint Martin 75020 PARIS	100	100	F.C.	702 027 665

GRAFOCARTE	125, rue Jean Jacques Rousseau 92130 ISSY LES MOULINEAUX	100	100	F.C.	342 163 532
IMPRIMERIE GIRAULT MORIN	138, Quai de Jemmapes 75010 PARIS	100	100	F.C.	312 058 100
INTERVAL EDITIONS	3, rue Fortia 13001 MARSEILLE	100	100	F.C.	438 399 685
KERLUDE	Pen A Hoat 22780 LOGUIVY PLOUGRAS	100	100	F.C.	437 350 416
KOHLER	D - 51149 KÔLN	100	100	F.C.	
LALO	138, Quai de Jemmapes 75010 PARIS	100	100	F.C.	572 016 814
CALENDRIERS LAVIGNE	125, rue Jean Jacques Rousseau 92130 ISSY LES MOULINEAUX	100	100	F.C.	652 000 498
MAILDOR PRODUCTION	Zone Industrielle 76220 GOURNAY EN BRAY	100	100	F.C.	562 078 519
MAKANE BOUSKOURA	ZI Ouled Saleh - lot I 320 20180 BOUSKOURA	100	100	F.C.	
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
ERNST STADELMANN	Bahnhofstrasse 8 A - 4070 EFERDING	99	99	F.C.	
NAUTICARD INTERNATIONAL	Via Cortina d'Ampezzo, 180 I - 00135 ROME	100	100	F.C.	
PELISSIER MI	ZI - rue de Chartres 28160 BROU	100	100	F.C.	490 846 763
PUBLIDAY MULTIDIA	3, rue Assaad Ibnou Zarara 20100 MAARIF - CASABLANCA	75	75	F.C.	
EDITIONS QUO VADIS	14, rue du Nouveau Bêle 44470 CARQUEFOU	100	100	F.C.	054 807 748
QUO VADIS International Ltd	1055, rue Begin - Ville Saint Laurent QUEBEC H4R 1V8	100	100	F.C.	
QUO VADIS Italy Srl	19 via Roberto Lepetit I - 20124 MILAN	100	100	F.C.	
QUO VADIS Japan 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.	
IMPRIMERIE RAYNARD	6, rue de la Peltière - 35130 LA GUERCHE DE BRETAGNE	100	100	F.C.	659 200 786
CLAIREFONTAINE RHODIA Ltd	Crest House, 7 Highfield Road Edgbaston, BIRMINGHAM	100	100	F.C.	
RODECO	D - 51149 KOLN	100	100	F.C.	
ROLFAX	ZI route de Montdidier 60120 BRETEUIL	100	100	F.C.	432 030 088
SCHUT	Kabeljauw 2 NL - 6866 HEELSUM	100	100	F.C.	
SCI DE PEN HOAT	Pen A Hoat 22780 LOGUIVY PLOUGRAS	100	100	F.C.	429 748 619
SILL	Rue du Moulin 62570 WIZERNES	100	100	F.C.	085 650 141
SOFAC	125, rue Jean Jacques Rousseau 92130 ISSY LES MOULINEAUX	100	100	F.C.	332 346 444
PAPETERIE VERILHAC FRERES	Lieudit Noyer Chut SECHILIENNE 38220 VIZILLE	100	100	F.C.	054 504 410
TOLLIT & HARVEY Ltd	Oldmedows Road KING'S LYNN, Norfolk PE30 4LW	100	100	F.C.	

Changes affecting the scope of consolidation	
Companies newly consolidated - purchases	Companies no longer consolidated
• NAUTICARD INTERNATIONAL - 28 January 2008 – *Nautical charts* • TOLLIT & HARVEY Ltd - 1 August 2008 - *Office and filing articles*	• EDITIONS BELEM - Liquidated 28 November 2008

The effects of the changes in the scope of consolidation are detailed in the information in the balance sheet and income statement below.

2. INFORMATION ON THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

2.1 Non-current assets

2.1.1 Intangible assets

Greenhouse gas emission rights

The greenhouse gas emission quotas are recorded at the value determined in the exchange market on the date they are received. The 2008 quotas, recorded for the second allocation period (2008 to 2012), were issued on 30 July. The net amount of greenhouse gas emission rights recorded in assets totalled €2,144,000 on 31 December 2008.

Trademarks

The item "concessions, patents, licences" includes trademarks totalling €9,005,000.

The write-down tests, carried out based on expected future cash flows, discounted at the rate of 8%, resulted in the following losses in value for trademarks being recorded in the results:

- reversal of €546,000
- provision of €250,000.

Goodwill

The Goodwill recorded applied mainly to 7 subsidiaries at 31 December 2008.

Future cash flows are calculated over an average period of 5 years. They are discounted at the rate of 8% and include a residual value.

No loss in value was recorded in the financial statements dated 31 December 2008.

Goodwill recorded for 2008 arises from the acquisition of businesses, for €218,000, and the acquisition of the firm Tollit & Harvey Ltd, for €878,000.

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

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 significant change in the accounting estimates were identified during the year.

Financial lease agreements aggregated in the respective tables

in 000s of €	**31/12/2008**	**31/12/2007**
Property, plant and equipment	**18,182**	**18,182**
Land	76	76
Buildings	7,261	7,261
Plants, supplies and equipment	10,845	10,845
Depreciation and amortisation	**11,083**	**10,155**
Accumulated as at opening	10,155	9,227
Increase for the period	928	928
Loans	**932**	**1,347**

2.1.3 Financial assets

Unconsolidated equity interests and other non-current securities are valued at their purchase costs, in the absence of a reliable fair value. Valuation at the end of the year takes into account their useful value and their net book value.
Receivables from equity interests and other financial assets are valued at their amortised cost. The fair value is equal to the book value.

2.1.4 Intangible assets

At 31 December 2008, in 000s of €	**Goodwill**	**Concessions, patents, licences and similar rights**	**Other**	**Total**
Gross value at opening	18,168	20,058	1,499	39,725
Purchases	1,096	3,978	127	5,201
Sales		-624	-2	-626
Changes in scope of consolidation				
Currency translation adjustments		-12	15	3
Transfers and other activity	-2,497	-1,062	123	-3,436
Gross value at closing	**16,767**	**22,338**	**1,762**	**40,867**
Depreciation and write-downs at opening	5,154	8,848	935	14,937
Sales		-571	-2	-573
Changes in scope of consolidation				
Depreciation and amortisation		949	260	1,209
Write-downs		250		250
Reversals		-597	-15	-612
Currency translation adjustments		-11	10	-1
Transfers and other activity	-2,497	35	-35	-2,497
Depreciation and write-downs at closing	**2,657**	**8,903**	**1,153**	**12,713**
Net book value at opening	**13 014**	**11 210**	**564**	**24 788**
Net book value at closing	**14,110**	**13,435**	**609**	**28,154**
At 31 December 2007, in 000s of €	**Goodwill**	**Concessions, patents, licences and similar rights**	**Other**	**Total**
Gross value at opening	18,168	20,327	1,338	39,833
Purchases	732	734	274	1,740
Sales		-362	-56	-418
Changes in scope of consolidation		537	32	569

Currency translation adjustments		4	-25	-21
Transfers and other activity	-732	-1,182	-64	-1,978
Gross value at closing	**18,168**	**20,058**	**1,499**	**39,725**
Depreciation and write-downs at opening	3,124	8,054	806	11,984
Sales		-361	-54	-415
Changes in scope of consolidation		140	4	144
Depreciation and amortisation		1,059	216	1,275
Write-downs	2,762	51		2,813
Reversals		-111	-15	-126
Currency translation adjustments		4	-22	-18
Transfers and other activity	-732	12		-720
Depreciation and write-downs at closing	**5,154**	**8,848**	**935**	**14,937**
Net book value at opening	**15,044**	**12,273**	**532**	**27,849**
Net book value at closing	**13,014**	**11,210**	**564**	**24,788**

2.1.5 Property, plant and equipment

At 31 December 2008, in 000s of €	Land and Buildings	Plant and equipment	Other fixed assets	Advances and fixed assets in progress	Total
Gross value at opening	120,897	319,688	26,002	6,096	472,683
Purchases	1,243	13,437	2,598	7,665	24,943
Sales	-586	-8,365	-2,261	-290	-11,502
Changes in scope of consolidation	4,238	7,972	798		13,008
Currency translation adjustments	-843	-1,711	-203	8	-2,749
Transfers and other activity	170	5,833	545	-7,228	-680
Gross value at closing	**125,119**	**336,854**	**27,479**	**6,251**	**495,703**
Depreciation and write-downs at opening	54,763	194,769	19,988	304	269,824
Sales	-299	-7,424	-2,107		-9,830
Changes in scope of consolidation	1,129	6,978	709		8,816
Depreciation and amortisation	4,445	17,326	2,095		23,866
Write-downs				-290	-290
Reversals	-27	-761	-128		-916
Currency translation adjustments	-222	-1,521	-178		-1,921
Transfers and other activity	-190	-340	185		-345
Depreciation and write-downs at closing	**59,599**	**209,027**	**20,564**	**14**	**289,204**
Net book value at opening	**66,134**	**124,919**	**6,014**	**5,792**	**202,859**
Net book value at closing	**65,520**	**127,827**	**6,915**	**6,237**	**206,499**

At 31 December 2007, in 000s of €	Land and Buildings	Plant and equipment	Other fixed assets	Advances and fixed assets in progress	Total
Gross value at opening	103,306	304,152	28,429	5,235	441,122
Purchases	6,262	8,598	1,862	5,902	22,624
Sales	-175	-10,391	-1,811	-1	-12,378
Changes in scope of consolidation	7,051	13,878	1,577	103	22,609
Currency translation adjustments	-285	-257	-26	-4	-572
Transfers and other activity	4,738	3,708	-4,029	-5,139	-722
Gross value at closing	**120,897**	**319,688**	**26,002**	**6,096**	**472,683**
Depreciation and write-downs at opening	44,291	176,764	20,039	304	241,398
Sales	-177	-9,514	-1,610		-11,301
Changes in scope of consolidation	4,999	11,929	1,412	6	18,346
Depreciation and amortisation	3,992	16,424	1,823		22,239
Write-downs	6				6
Reversals		-807	-99	-6	-912
Currency translation adjustments	-84	-202	-22		-308
Transfers and other activity	1,736	175	-1,555		356
Depreciation and write-downs at closing	**54,763**	**194,769**	**19,988**	**304**	**269,824**
Net book value at opening	**59,015**	**127,388**	**8,390**	**4,931**	**199,724**
Net book value at closing	**66,134**	**124,919**	**6,014**	**5,792**	**202,859**

2.1.6 Financial assets

At 31 December 2008, in 000s of €	Unconsolidated equity interests	Receivables from equity interests	Loans	Other receivables	Total
Gross value at opening	1,506	388	1,034	1,471	4,399
Purchases		100	186	268	554
Sales	-112			-153	-265
Changes in scope of consolidation				4	4
Currency translation adjustments				35	35
Transfers and other activity	4	-71	-270	-19	-356
Gross value at closing	**1,398**	**417**	**950**	**1,606**	**4,371**
Write-downs at opening	1,494	376	8	14	1,892
Purchases/Sales				-9	-9
Changes in scope of consolidation					
Write-downs	2	41			43
Reversals	-108			-1	-109
Currency translation adjustments					
Transfers and other activity					
Write-downs at closing	**1,388**	**417**	**8**	**4**	**1,817**
Net book value at opening	**12**	**12**	**1,026**	**1,457**	**2,507**
Net book value at closing	**10**	**0**	**942**	**1,602**	**2,554**
At 31 December 2007, in 000s of €	**Unconsolidated equity interests**	**Receivables for equity interests**	**Loans**	**Other receivables**	**Total**
Gross value at opening	1,564	236	1,063	1,310	4,173
Purchases		368	303	193	864
Sales	-26			-231	-257
Changes in scope of consolidation				277	277
Currency translation adjustments		-1		-5	-6
Transfers and other activity	-32	-215	-332	-73	-652
Gross value at closing	**1,506**	**388**	**1,034**	**1,471**	**4,399**
Write-downs at opening	1,271	13	8	2	1,294
Purchases/Sales					
Changes in scope of consolidation				14	14
Write-downs	223	363			586
Reversals				-2	-2
Currency translation adjustments					
Transfers and other activity					
Write-downs at closing	**1,494**	**376**	**8**	**14**	**1,892**
Net book value at opening	**293**	**223**	**1,055**	**1,308**	**2,879**
Net book value at closing	**12**	**12**	**1,026**	**1,457**	**2,507**

Other receivables consist mainly of deposits and bonds totalling €1,244,000 at 31 December 2008, compared to €998,000 at 31 December 2007.

2.1.7 Table of maturities of other financial assets

At 31 December 2008, in 000s of €	Less than 1 year	1 to 5 years	More than 5 years	Total
Receivables for equity interests	417			417
Loans	180	245	525	950
Other financial assets	1,205	21	380	1,606
Financial assets and receivables	**1,802**	**266**	**905**	**2,973**

At 31 December 2007, in 000s of €	Less than 1 year	1 to 5 years	More than 5 years	Total
Receivables for equity interests	166	2	220	388
Loans	259	226	549	1 034
Other financial assets	911	21	539	1 471
Financial assets and receivables	**1,336**	**249**	**1,308**	**2,893**

2.2 Current Assets

2.2.1 Inventories by type

At 31 December 2008, in 000s of €	Raw materials	In progress	Intermediate and finished goods	Total
Gross value at opening	53,492	13,301	96,467	163,260
Change	1,179	1,406	6,049	8,634
Gross value at closing	**54,671**	**14,707**	**102,516**	**171,894**
Write-downs at opening	3,271	416	7,800	11,487
Additions	3,811	609	9,061	13,481
Reversals	-3,028	-412	-7,392	-10,832
Currency translation adjustments and other activity	-12	-1	-165	-178
Write-downs at closing	**4,042**	**612**	**9,304**	**13,958**
Net book value at opening	**50,221**	**12 885**	**88,667**	**151,773**
Net book value at closing	**50,629**	**14,095**	**93,212**	**157,936**

The net book value of inventories included €1,947,000 related to Tollit & Harvey and €47,000 related to Nauticard, companies first consolidated in 2008.

At 31 December 2007, in 000s of €	Raw materials	In progress	Intermediate and finished goods	Total
Gross value at opening	53,417	11,838	84,580	149,835
Change	75	1,463	11,887	13,425
Gross value at closing	**53,492**	**13,301**	**96,467**	**163,260**
Write-downs at opening	3,392	151	7,925	11,468
Additions	2,997	413	7,576	10,986
Reversals	-3,139	-151	-7 ,866	-11,156
Currency translation adjustments and other activity	21	3	165	189
Write-downs at closing	**3,271**	**416**	**7,800**	**11,487**
Net book value at opening	**50,025**	**11,687**	**76,655**	**138,367**
Net book value at closing	**50,221**	**12,885**	**88,667**	**151,773**

2.2.2 Write-down of other current assets

in 000s of €	Write-downs at opening	Additions	Reversals	Other changes	Write-downs at closing
Trade receivables	4,262	2,186	-1,104	-9 -	5,335
Other receivables	442	161	-3	236	364
Total	**4,704**	**2,347**	**-1,107**	**-245**	**5,699**

Statement of maturities of trade and other receivables

in 000s of €	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and similar receivables	143,444	413		143,857
Taxes and social security contributions receivable	10,439			10,439
Debit current accounts	291			291
Other receivables	3,068			3,068
Prepaid expenses	2,579			2,579
Current Assets	**159,821**	**413**		**160,234**

Write-offs	5 699
Trade and other receivables presented in the balance sheet	**154 535**

Trade receivables included €2,022,000 related to Tollit & Harvey and €43,000 related to Nauticard, companies first consolidated in 2008.

2.2.3 Marketable securities

The value of marketable securities presented in the balance sheet, €9,474,000, is their market value at 31 December 2008. The fair value is equal to the book 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 €1,010,000 (increase in net deferred tax liability). The change in deferred taxes recorded in the income statement was €998,000 (deferred tax expense).
The tax calculation is presented in paragraph 2.10.

Statement of changes in deferred tax

in 000s of €	**At year-end.**	**At year opening**	**Change**
Deferred taxes receivable	750	791	-41
Deferred taxes payable	28,119	27,150	969
Net deferred tax	**27,369**	**26,359**	**1,010**

2.5 Provisions

Provisions break down as follows:

in 000s of €	**Provisions at opening**	**Additions**	**Reversals**	**Provisions not used**	**Other changes**	**Provisions at closing**
Provisions for pensions and similar obligations	11,490	979	-1,330 -	-1,156	30	10,013
Other non-current provisions	2,900	152	2,479			573
Non-current provisions	**14,390**	**1,131**	**-3,809**	**-1,156**	**30**	**10,586**
Provisions for contingent liabilities Other	1,179	507	-506 -	-42 -	-15 105	1,123
provisions for charges	730	541	361	186		829
Current provisions	**1,909**	**1,048**	**-867**	**-228**	**90**	**1,952**

Other long-term provisions are related to the restructurings carried out at two subsidiaries.

Provisions for pensions and similar obligations consist mainly of provisions for retirement pay and are calculated at each closing date.

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

- probability of retirement from the company, turnover, death;
- o changes in salaries;
- discounting the amount obtained at the rate of 4.57% The amounts paid to insurance entities are deducted from provisions.

Net change in the provision for pensions and similar obligations

in 000s of €	31/12/2008
Commitment at opening	**11,490**
Cost of services rendered	577
Financial expense	347
Actuarial gains and losses	2,401
→ *actuarial changes*	*-1,235*
→ *new employees*	*107*
→ *departures during the year*	*-1,273*
Commitment at closing	**10,013**

The recorded commitment includes €8,405,000 of obligations under the plan applicable to French companies and €1,608,000 under plans applicable to foreign companies.

2.6 Borrowings and debt with credit institutions

Statement of liquidity risk

in 000s of €	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans from credit institutions	462	33,294	349	33,756
Financial debts	498	1,091		1,938
Financial debts on financial leases	407	525		932
Bank loans and overdrafts	7, 202			7,202
Subtotal	**8,569**	**34,910**	**349**	**43,828**
Current accounts with credit balances	3,362		27,000	30,362
Accrued interest	49			49
Total	**11,980**	**34,910**	**27,349**	**74,239**
Estimated interest to maturity				*4,964*

- Including current debt €11,980,000
- Including non-current debt €62,259,000

As of 31 December 2008 the financial debt with credit institutions is all denominated in euros and bears interest at floating rates.

All medium- and long-term financing transactions are based on the Euribor for the applicable financing term plus a spread ranging between 0.25% and 0.45%. The fair value of financial debts is equal to the book value.

2.7 Issuance & financial instruments' programmes

Commercial paper and spot loans

Short-term needs are financed by commercial paper issued by Exacompta Clairefontaine and spot loans.

The authorised paper limit totalled €125 million. No paper was outstanding at year-end. No amount has been recorded to this effect in the item "Current portion of interest-bearing debt" given the absence of a market for commercial paper.

Drawing line

A drawing line is in place with several banks for a maximum amount of €150,000, and covers maturities not exceeding 4 years. The usage under this drawing line was €33,100,000 at closing, and this amount is recorded in the item "Interest-bearing debt". Long-term financing may be 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 insignificant.
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 expenses for the year totalled €1,784,000. *Interest rate risks*

In order to protect against changes in interest rates, the Group has put hedges in place in the form of interest rate swaps, cap and floor agreements. 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 €42,000 effect on income as at 31 December 2008.

Portfolio of financial instruments

Residual Maturity in 000s of €	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Rate swap	6,321	22,565	4,986	33,872
Caps purchased	250	437		687
Floors sold	122	219		344
Total	**6,696**	**23,221**	**4,986**	**34,903**

2.8 Other current liabilities

in 000s of €	**31/12/2008**	**31/12/2007**
Advances and down payments received	446	511
Taxes and social security contributions payable	34,133	37,512
Suppliers – fixed assets	2,219	3,370
Other liabilities	11,358	9,264
Deferred income	156	243
Derivative financial instruments	1,094	0
Total	**49,406**	**50,900**

The fair value of the derivatives is equal to the book value. At 31 December 2007 it was recorded in the item "Trade and other receivables" in the balance sheet assets for an amount of €690,000.

2.9 Off-balance sheet commitments

The new allocation period for greenhouse gas emission quotas (2008-2012) commenced on 1 January 2008. Said quotas were issued on 30 July.

The amount for the commitments received is valued based on the exchange market value on 31 December 2008. The commitments for the remaining term of the allocation plan (2009-2012) are equal to the total of the annual allocations. The Group does not expect an overall deficit for the entire plan.
The quotas to be compensated are valued pursuant to the principles set forth in note 8 of the presentation of the consolidated financial statements.

in 000s of €	31/12/2008	31/12/2007
Greenhouse gas emission rights		
• Commitments given – release	2,073	199
• Commitments received – 2008 allocation surplus	71	-
• Commitments received – 2009 allocation	8,137	

2.10 Income tax – Calculation of tax

in 000s of €	31/12/2008	31/12/2007
Consolidated net income	5,092	14,169
Income taxes	1,153	5,227
Deferred taxes	998	1,413
Consolidated tax basis	7,243	20,809
Tax rate applicable to parent company	33.33%	33.33%
Theoretical tax expense	**2,414**	**6,936**
Losses of companies not consolidated for tax purposes		383
Tax assets not withheld on foreign companies	877	110
Tax rate differences	341	250
Tax adjustments	-1,455	-1,001
Other effects	-26	-38
Actual tax expense	**2,151**	**6,640**

Income taxes	1,153	5,227
Deferred taxes	998	1,413
Tax expense in the consolidated financial statements at closing	**2,151**	**6,640**

2.11 Group staff and employee benefits

Average staff	31/12/2008	31/12/2007
Management	468	453
Employees	814	758
Labourers and other salaried workers	2,114	2,153
Total	**3,396**	**3,364**

Expenses recorded for defined contribution schemes (in 000s of €)	40,668	40,230

Staff numbers at 31 December 2008 included 120 employees working for companies consolidated for the first time.

2.12 Financial income and expenses

in 000s of €	31/12/2008	31/12/2007
Equity interests and income from other financial assets	379	218
Income from other receivables and marketable securities	548	1,760
Other financial income	1,064	334
Financial instruments	0	194
Reversal of provisions and write-downs	83	400
Foreign exchange differences	2,136	782
Net gain on sale of marketable securities	487	408
Total financial income	**4,697**	**4,096**
Increase in provisions and write-downs	152	713
Interest and financial expenses	4,549	4,853
Financial expenses on financial leases	91	75
Foreign exchange differences	2,548	1,550
Other financial expenses	525	424
Financial instruments	1,784	0
Net expenses on sales of marketable securities	46	
Total financial expenses	**9,695**	**7,615**

2.13 Related parties

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

in 000s of €	31/12/2008	31/12/2007
Balance sheet		
Interest-bearing debt: current account	27,000	22,000
Short-term portion of interest-bearing debt	3,300	1,355
Income statement		
Financial expenses	1,158	788
Fees	1,238	1,015

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 the managers of the Group totalled €1,613,000.
No benefits are granted to managers of the Group aside 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 director's fees totalled €60,000 in 2008. This was approved by a decision of the Shareholders' Meeting of 22 May 2008.

2.14 Statutory auditors' fees

Information on the total amount of the statutory auditors' fees shown in the consolidated income statement for the fiscal year pursuant to the new Articles R123-198 and R233-14 in the French Commercial Code, with a distinction made for the fees invoiced for statutory audits of the consolidated financial statements and the fees invoiced for consultancy and other services provided as part of the procedures directly linked to the statutory auditing of the consolidated financial statements.

in 000s of €	**31/12/2008**	**31/12/2007**
Fees invoiced for statutory auditing of the financial statements	804	806
Fees invoiced for related consultancy and other services	-	-

3. SECTOR INFORMATION

- Sector information by activity – 31/12/2008

in 000s of €	Paper	Processing	Inter-sector transactions	Total
Sector income statement				
Revenues	259,686	393,889	-106,970	546,605
Depreciation and amortisation	11,468	13,933	-76	25,325
Write-downs and provisions	-235	-1,478	-149	-1,862
Operating income (excl. goodwill)	6,153	6,095	-7	12,241
Amortisation of goodwill				
Sector assets				
Net intangible assets and fixed assets	106,835	113,708		220,543
Investments	*14,953*	*14,095*		*29,048*
Goodwill		14,110		14 110
Trade receivables	49,588	129,164	-40,230	138,522
Other assets allocated	55,762	122,250	-2,498	175,514
Unallocated assets				*4,350*
Total assets	212,185	379,232	-42,728	553,039
Sector liabilities				
Provisions	211	1,741		1,952
Other liabilities allocated	41,553	105,529	-40,657	106,425
Unallocated liabilities				*0*
Total liabilities	41,764	107,270	-40,657	108,377

- Sector information by geographic area – 31/12/2008

in 000s of €	France	Europe	Outside of Europe	Total
Revenues	361,304	160,325	24,976	546,605
Net intangible assets and fixed assets	206,823	10,218	3,502	220,543
Investments	*26,896*	*1,716*	*436*	*29,048*
Goodwill	13,232	878		14,110
Trade receivables	119,445	16,663	2,414	138,522
Other assets allocated	161,928	8,947	4,639	175,514
Unallocated assets				*4,350*
Total assets	501,428	36,706	10,555	553,039

- Sector information by activity – 31/12/2007

in 000s of €	Paper	Processing:	Inter-sector transactions	Total
Sector income statement				
Revenues	257,733	389,692	-109,312	538,113
Depreciation and amortisation	11,750	11,905	-84	23,571
Write-downs and provisions	-4,368	2,095		-2,273
Operating income (excl. goodwill)	12,594	12 047	-312	24,329
Amortisation of goodwill				-80
Sector assets				
Net intangible assets and fixed assets	104,342	110,291		214,633
Investments	*9,438*	*15,092*		*24,530*
Goodwill		13,014		13,014

Trade receivables	53,064	129,177	-39,511	142,730
Other assets allocated	56,917	118,226	-2,165	172,978
Unallocated assets				*1,146*
Total assets	214,323	370,708	-41,676	544,501
Sector liabilities				
Provisions	238	1 671		1,909
Other liabilities allocated	39,645	105,886	-39,759	105,772
Unallocated liabilities				*1,734*
Total liabilities	39,883	107,557	-39,759	109,415

➢ Sector information by geographic area – 31/12/2007

in 000s of €	**France**	**Europe**	**Outside of Europe**	**Total**
Revenues	365,782	148,364	23,967	538,113
Net intangible assets and fixed assets	204,161	7,233	3,239	214,633
Investments	*22,645*	*1,224*	*661*	*24,530*
Goodwill	13,014			13,014
Trade receivables	126,204	14,317	2,209	142,730
Other assets allocated	157,721	11,123	4,134	172,978
Unallocated assets				*1,146*
Total assets	501,100	32,673	9,582	544,501

Exacompta Clairefontaine S.A.

Report of the statutory auditors on the consolidated financial statements

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Resolutions submitted to the Ordinary Shareholders' Meeting

SEREC AUDIT
Statutory Auditor

Member of the Compagnie Régionale de Paris
(Paris Institute of Statutory Auditors)
21 rue Leriche
75015 PARIS

BATT AUDIT
Statutory Auditor

Member of the Compagnie Régionale de Nancy
(Nancy Institute of Statutory Auditors)
25 rue du Bois de la Champelle
54500 VANDOEUVRE LES NANCY

Report of the statutory auditors on the consolidated financial statements

Fiscal year from 01/01/2008 to 31/12/2008

EXACOMPTA CLAIREFONTAINE S.A.

French Corporation (*Société Anonyme*) with a share capital of €4,525,920

88480 ETIVAL CLAIREFONTAINE

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Fiscal year of 01/01/2008 to 31/12/2008

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we present to you our report on the year ended 31 December 2008, concerning:

- the audit of the consolidated financial statements of EXACOMPTA CLAIREFONTAINE S.A., which are appended to this report;
- the bases of our assessments;
- the specific testing required by law.

The consolidated financial statements were prepared by the Board of Directors. It is our responsibility, based on our audit, to express an opinion on those statements.

I. Opinion on the consolidated financial statements

We performed our audit in accordance with the professional standards applicable in France. These standards require the performance of procedures to obtain reasonable assurance that the consolidated financial statements do not contain material errors. An audit involves the review, by way of sample tests or other means of selection, of the documents underlying the amounts and information set forth in the consolidated financial statements. It also consists of an assessment of the accounting principles followed, the significant estimates made and the presentation of the statements as a whole. We believe that the evidence we have gathered provides a reasonable basis for our opinion.

We certify that the consolidated annual financial statements are, with regard to the IFRS adopted within the European Union, in order and accurate and fairly present the assets, financial situation and results of the persons and entities included in the consolidation.

II. Bases of assessments

Pursuant to the provisions of Article L.823-9 of the Commercial Code regarding the bases of our assessments, we provide you with the following information:

Accounting principles

Greenhouse gas emission rights

Note 8 to the financial statements describes the accounting treatment used to record greenhouse gas emission rights in the absence of a specific provision on this subject in the IFRS as adopted within the European Union. We ensured that the accounting treatment applied does not contradict any IFRS general principles and that note 8 gives appropriate information on this subject.

Accounting Estimates

Write-downs of assets

At each closing date the company performs tests regarding write-downs of goodwill and assets with an indefinite life, and also determines whether an indication exists that long-term assets have experienced a loss in value, using the methods described in notes 8 and 9 to the financial statements. We have examined the methods used to perform these tests and the cash flow projections and assumptions used, and we checked to ensure that notes 8 and 9 provide appropriate information.

The assessments carried out are part of our audit of the consolidated financial statements, taken as a whole, and thus contributed to the formation of our opinion, which is expressed in the first part of this report.

III. Specific verification

We also performed specific checks required by the law relating to information on the Group contained in the report of the Board of Directors.

We have no comments to make about the accuracy and conformity thereof with the consolidated financial statements.

Paris and Vandœuvre-lès-Nancy, 30 April 2009

The Statutory Auditors

SEREC AUDIT	**BATT AUDIT**
Benoit Grenier	Pascal François

RESOLUTIONS PRESENTED AT THE ORDINARY SHAREHOLDERS' MEETING OF 27 MAY 2009

FIRST RESOLUTION

Following a reading by the Board of Directors and the Statutory Auditors of their respective reports, the Meeting approved these reports in their entirety, as well as the operations described therein, and the parent company annual financial statements for the year ended 31 December 2008, which consisted of the balance sheet, income statement and notes to the financial statements.

SECOND RESOLUTION

Following a reading by the Board of Directors and the Statutory Auditors of their respective reports, the Meeting approved these reports in their entirety, as well as the operations described therein, and the consolidated financial statements for the year ended 31 December 2008, which consisted of the balance sheet, income statement and notes to the financial statements.

THIRD RESOLUTION

At the suggestion of the Board of Directors, the Shareholders' Meeting resolved to distribute and allocate the income for the year as follows:

Income for 2008	€6,884,969.98	
Allocated as follows:		
* First dividend	€226,296.00	
* Second dividend	€1,810,368.00	
Total dividends		€2,036,664.00
* Allocation to the statutory reserve	€0.16	
* Allocation to other reserves	€4,848,305.82	
TOTAL ALLOCATED	€6,884,969.98	

As the share capital is divided into 1,131,480 shares, each share would receive a total dividend of €1.80

The following table shows the dividends paid for the last three years:

Year	Dividend	Number of shares
2005	2.00	1,131,480
2006	2.00	1,131,480
2007	2.00	1,131,480

FOURTH RESOLUTION

Following a reading of the special report of the Statutory Auditors, the Shareholders' Meeting formally noted the absence over the fiscal year 2008 of any operations related to Article L.225-38 of the French Commercial Code.

FIFTH RESOLUTION

The Shareholders' Meeting gave a full discharge to the Directors for their management during the past year, and resolved in favour of the proposal of the Board of Directors to set the fees that will be paid to the Company's Directors in 2009 at €60,000.

SIXTH RESOLUTION

The Shareholders' Meeting resolved in favour of the proposal of the Board of Directors to renew the appointment of Mr Gilles Nusse, residing at 105 rue de Lille 75007 PARIS, as a director of the company.

This appointment, which is valid for six years, will terminate at the conclusion of the Shareholders' Meeting to which the financial statements for fiscal year 2014 are submitted.

NOTES