EXACOMPTA CLAIREFONTAINE

ORDINARY AND EXTRAORDINARY
SHAREHOLDERS' MEETINGS

OF 27 MAY 2015

FINANCIAL YEAR 2014

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

Board of Directors

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

Dominique Daridan

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

Christine Nusse
Chairwoman of the Supervisory Board of Ets Charles Nusse
Chairwoman, Exaclair Inc. (US)
Chairwoman, Quo Vadis International (CA)

Frédéric Nusse
Chairman, Papeteries de Clairefontaine
Chairman, Papeterie de Mandeure
Chairman, Everbal
Chairman, Schut Papier (NL)

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

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

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

Jérôme Nusse
Chairman, Editions Quo Vadis

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

Statutory Auditors

BATT AUDIT, 54500 Vandœuvre–lès–Nancy, France
Jehanne GARRAIT

SEREC AUDIT, 75015 Paris, France
Dominique GAYNO

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Ordinary Shareholders' Meeting

ORDINARY SHAREHOLDERS' MEETING

Agenda:

- Report of the Board of Directors on operations and the parent company financial statements for fiscal year 2014;
- Report of the Board of Directors on operations and the consolidated financial statements for fiscal year 2014;
- Reports of the Statutory Auditors on the financial statements for this fiscal year and on regulated agreements and report drawn up pursuant to Article L.225-235 of the French Commercial Code;
- Approval of the parent company financial statements for the year ended 31 December 2014;
- Approval of the consolidated financial statements for the year ended 31 December 2014;
- Appropriation 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

Certification of the annual report:

I hereby certify that to the best of my knowledge the financial statements have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets and liabilities, financial position and earnings of the company and all the companies included in the consolidation and that the management report enclosed herein presents a true and fair view of the operations, earnings and financial positions of the company and all the companies included in the consolidation, as well as a description of the main risks and uncertainties facing them.

Jean-Marie Nusse
Executive Vice President

REPORT OF THE BOARD OF DIRECTORS

TO THE ORDINARY SHAREHOLDERS' MEETING

OF 27 MAY 2015

To the Shareholders,

1. REVIEW AND APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS

(€000)	**2014**	**2013**
Operating revenue	9,096	9,233
Operating profit	-51	258
Net financial items	2,120	-23,517
Net income	-1,718	-22,901

EXACOMPTA CLAIREFONTAINE, a holding company, serves the Group companies, 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 coordinates actions taken relating to environmental certification.

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

The amount of non-tax deductible expenses was €11,084.

INCOME FOR THE LAST FIVE YEARS (€)

Balance sheet date **Duration of the reporting period (in months)**	**31/12/2014** **12**	**31/12/2013** **12**	**31/12/2012** **12**	**31/12/2011** **12**	**31/12/2010** **12**
CAPITAL AT YEAR END					
Share capital	4,525,920	4,525,920	4,525,920	4,525,920	4,525,920
Number of ordinary shares	1,131,480	1,131,480	1,131,480	1,131,480	1,131,480
OPERATIONS AND RESULTS					
Revenue before tax	2,231,400	2,259,071	2,132,810	2,074,928	2,126,168
Income before taxes, profit-sharing, depreciation, amortisation and provisions	2,960,074	2,567,292	2,497,325	2,961,870	4,157,908
Income taxes	3,659,941	(584,550)	(922,893)	(1,996,455)	(174,881)
Net depreciation, amortisation and provisions	1,018,221	26,052,984	1,014,212	878,582	1,071,636
Net income	-1,718,088	-22,901,142	2,406,006	4,079,743	3,261,153
Distributed income	1,301,202	565,740	565,740	1,131,480	1,131,480
EARNINGS PER SHARE					
Income after taxes and profit-sharing and before depreciation, amortisation and provisions	-1	3	3	4	4
Income after taxes, profit-sharing, depreciation, amortisation and provisions	-2	-20	2	4	3
Dividend paid	*1.15	0.50	0.50	1	1
PERSONNEL					
Average number of employees	44	49	46	46	48
Payroll	3,892,716	3,903,372	3,811,684	3,853,255	3,900,675
Sums paid in employee benefits (social security and charitable organisations, etc.)	1,518,652	1,495,369	1,494,364	1,522,838	1,480,837

* Dividend proposed

SCHEDULE OF TRADE PAYABLES

Schedule in days					
	Total payables	**Payables due**	**Payables not yet due**		
31/12/2014			1 to 30 days	31 to 60 days	Over 60 days
Trade payables	722	–	599	123	–
Suppliers - fixed assets	2	–	–	2	–
Total	**724**	–	**599**	**125**	–
31/12/2013			1 to 30 days	31 to 60 days	Over 60 days
Trade payables	721	7	580	134	–
Suppliers - fixed assets	13	–	–	13	–
Total	**734**	**7**	**580**	**147**	–

SHARE AND SHAREHOLDER INFORMATION

The share listed at €51 on 2 January 2014 and closed the year at €54.90 (up 7.6 %). The number of shares traded during the year was 26,626.
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 2014.
Financière de l'Echiquier, a minority shareholder, crossed the 5% ownership threshold in 2005.

2. REVIEW AND APPROVAL OF THE 2012 CONSOLIDATED FINANCIAL STATEMENTS

2.1 RESULTS

(€000)	2014	2013
Income from continuing activities (Revenue)	550,972	524,635
Operating income/(loss)	21,509	5,092
Net income before income tax	19,194	4,398
Net income after income tax	11,911	4,278
Minority interests	479	1
Group share	11,432	4,277

2014 Group consolidated cash flow amounted to €42,779,000 and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) was €49,068,000, compared to €29,385,000 and €30,609,000 respectively in 2013.

2.2 PRINTING AND WRITING PAPERS

After five years in decline, European consumption of uncoated printing and writing paper made from new fibres appears to have remained stable in 2014. This change can be explained by easing hardwood and eucalyptus pulp prices. The improvement may only prove to be temporary, however, as the euro price of these pulps rose sharply following the currency's fall against the US dollar towards the end of the year.

Busier than in previous years, our five paper machines produced 220,000 tonnes of paper reel, i.e. an increase of 3%. This 3% increase was due to the extensive development of our products for new types of printing and rigorous customer follow-up.

2.3 STATIONERY

The French stationery and office supplies market was down a further 1.5% in 2014 (source: I+C). The impact of this decline seems to have been more significant for office products than for sales to general customers.

Under such circumstances, we employ a two-fold approach to ensuring the continued success of our business:

- Adjustment of existing structures in response to steady market decline and renewal of our product ranges to boost sales;
- Diversification into new markets in line with changing consumer interests and new means of communication associated with digital technology. As such, in 2014 we acquired a majority holding in Photoweb, one of the leading players in the photo development market.

2.4 FINANCIAL POSITION

2.4.1 Debt

As at 31 December 2014, with revenue of €550,972,000, Group borrowings amounted to €76,931,000 and shareholders' equity totalled €373,176,000.

In order to provide for its growth, the Group has negotiated several lines of credit with its banks. The Group also issued commercial paper, which amounted to €20 million at year-end out of a global programme of €125 million.

Group cash and cash equivalents amounted to €70,441,000. Its cash flow before change in working capital enabled it to fund its capital expenditure programme without resorting to borrowing. Group net borrowings amounted to €6,490,000 at 31 December 2014.

2.4.2 Financial instruments

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

2.5 RISK MANAGEMENT

The Group has conducted an analysis of the risks that may have a material adverse impact on its business, financial position and earnings. The results of this analysis indicate that there are no significant risks other than those listed below.

2.5.1 Risks related to economic activity

The majority of our assets are located in France (92%). Our sales are generated primarily in France (68.9%) and in Europe (26.5%), largely in Western Europe. We are not directly affected by unfavourable economic developments that may affect the various continents.

However, the purchase price of our primary raw material, paper pulp, is influenced by the world market. Market quotations are generally in US dollars. With the majority of papers produced by companies that also make their own pulp, the average market price for pulp and paper in Europe has been known to vary by as much as 200 euros per ton over relatively short periods. It is important to note that each euro difference in the price of pulp, when applied to the amount of pulp we use (around 140,000 tonnes), has a €140,000 impact on our operating profit.

Consumption of papers for office use and stationery items changes regularly according to the needs of businesses and households. It is relatively unaffected by economic conditions.

However, data transmission, note-taking, information exchange and training are increasingly carried out via digital means. This has resulted in a continual decline in consumption of printing and writing papers, which have fallen by 3% per year from 2008 to 2013. The same average trend has also affected consumption of the various categories of stationery items.

The quality of our products, our sales presence, customer brand recognition and our research and diversification efforts are key advantages in helping us to adapt to this changing environment.

2.5.2 Financial risks

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.

<u>Credit risk</u>

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 concentration of credit risk is not significant. It is divided among a large number of clients. The risk of default by business sector and by 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 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. Impairment charges correspond to specific losses related to individual risks.

→ 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.

Liquidity risk

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

The Group has conducted a specific review of its liquidity risk and deems that it will be able to meet future maturities.

Exchange rate and price risk

The Group operates internationally. Risks related to commercial transactions denominated in a currency other than the respective functional currencies of Group entities are related mainly to purchases of raw materials denominated in US dollars.
In order to manage exchange rate risk, the Group hedges approximately 50% of its anticipated future transactions in USD for the coming three months using options contracts.
Exchange rate variations do not have a material impact on the financial statements for the year.

2.5.3 Risks related to proceedings, tax audits and litigation

To the best of the Group's knowledge, there are no pending or threatened government, judicial or arbitration proceedings that may have, or have had over the past 12 months, a significant impact on the Group's financial position or profitability.

2.6 RELATED PARTIES

The consolidated financial statements include transactions performed by the Group with Etablissements Charles Nusse. The Group’s companies 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.

2.7 CORPORATE OFFICERS

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

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

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

Mrs Christine Nusse
    Chairwoman of the Supervisory Board of Ets Charles Nusse
    Chairwoman, Exaclair Inc. (US)
    Chairwoman, Quo Vadis International (CA)

Mr Frédéric Nusse
    Chairman, Papeteries de Clairefontaine
    Chairman, Papeterie de Mandeure
    Chairman, Everbal
    Chairman, Schut Papier (NL)

Mr Guillaume Nusse
    Chairman, Clairefontaine Rhodia
    Chairman, Madly
    Managing Director, Publiday Multidia (MA)

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

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

Mr Jérôme Nusse
    Chairman, Editions Quo Vadis

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

3. PROPOSED RESOLUTIONS

3.1 APPROPRIATION OF EARNINGS

Earnings (€):
2014 loss .... -€1,718,088.07

We propose the following appropriation:
Deduction from other reserves.............................. -€1,718,088.07

We propose the payment of a €1,301,202.00 dividend from other reserves.

Given that the company's share capital is divided into 1,131,480 shares, each of these shares will receive a total dividend of €1.15.

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

Year	Dividend	Number of shares
2011	1.00	1,131,480
2012	0.50	1,131,480
2013	0.50	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 for the current year and past years.

3.3 DIRECTORS

Your Board proposes that you renew the appointment of Jean-Claude Gilles NUSSE, residing at 105 Rue de Lille, Paris, 7th *arrondissement*, as director. This appointment, which is valid for six years, will terminate at the close of the Shareholders' Meeting called to approve the financial statements for fiscal year 2020.

4. POST-BALANCE SHEET EVENTS

No significant events occurred between 1 January and 26 March 2015.

5. RESEARCH AND DEVELOPMENT

Group paper production companies participate in various research programmes in cooperation with the Grenoble Paper Technical Centre and a number of university laboratories. Internally, we have successfully developed new levels of quality for offset and inkjet printing, in addition to similar developments for Indigo or heat-resistant printer cards. The facilities in Everbal enable the production of extremely white recycled paper that does not require deinking.

In terms of stationery items, over the past few years the three departments have created entire teams of product design professionals and graphic designers. In conjunction with Photoweb's team, a special initiative has been undertaken for the production of personalised items.

6. SOCIAL AND ENVIRONMENTAL REPORT

Article L.225-102-1 of the French Commercial Code requires the Exacompta Clairefontaine Group to provide information on the manner in which it "takes into account the social and environmental consequences of its activity as well as its commitments to society in favour of sustainable development, combating discrimination and promoting diversity".
This information, which is listed in French Decree No. 2012-557 of 24 April 2012, is included in a separate document entitled "Social and Environmental Responsibility", which is an integral part of this management report.

7. EMPLOYMENT INFORMATION

The Exacompta Clairefontaine Group had 3,144 employees at 31 December 2014, compared to 3,091 at the end of 2013.

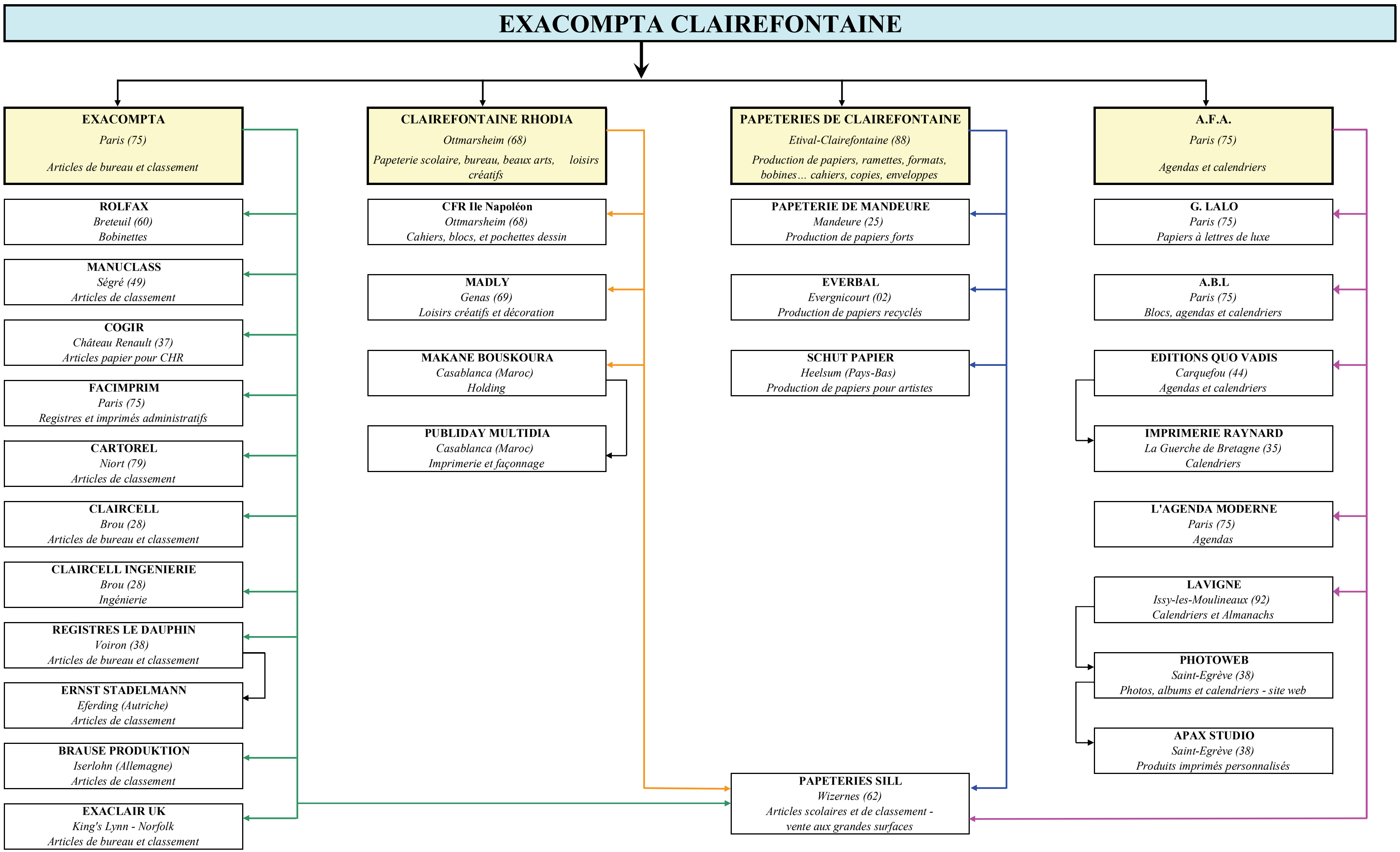
The companies apply the collective agreement for the production of papers, cardboard and cellulose, or the collective agreement for cardboard packaging.

The Group Committee, which met on 11 June 2014, commented on the Group's business and the economic and social outlook for the year.

8. OUTLOOK

As the euro has continued to fall since the start of 2015, the resulting increase in the price of paper pulp will have an adverse impact on profitability. In addition, consumption of printing and writing papers and stationery seems to have resumed its downward trend. The structure of the paper industry will continue to evolve and Exacompta Clairefontaine is in a position to remain a major player.

ORGANIGRAMME DU GROUPE



Sociétés de commercialisation du groupe EXACOMPTA CLAIREFONTAINE à l'étranger :

EXACLAIR et RODECO (DE)
EXACLAIR (ES)
EXACLAIR (BE)
EXACLAIR (US)
CLAIR MAROC
QUO VADIS : Canada - Italie - Japon - Pologne - USA

REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

To the Shareholders,

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

1. <u>Preparation and organisation of the work of the Board of Directors</u>

The composition of the Board is optimised to bring together members with direct responsibilities from the various areas of the Group's business and specialists in financial and social matters.

The Board has ten members. As required by law, 20% of the Board members are women. The terms of office expire at the end of the year stated in brackets:

Mr François Nusse (2019)

Mrs Christine Nusse (2018)

Mr Charles Nusse (2017)

Mr Dominique Daridan (2016)

Mr Jean-Marie Nusse (2016)

Mr Frédéric Nusse (2015)

Mr Guillaume Nusse (2015)

Mr Jérôme Nusse (2015)

Mr Jean-Claude Gilles Nusse (2014)

Ets Charles Nusse, represented by Mrs Monique Prissard (2015)

The Chairman and Chief Executive Officer, who is the Chairman of the holding company Etablissements Charles Nusse, which manages the Group, and of SAS Exacompta and its subsidiaries, is backed by two Executive Vice Presidents.

They assist the Chairman in the following areas:

- Jean-Claude Gilles Nusse – Executive Vice President: Exacompta and AFA departments
- Jean-Marie Nusse – Executive Vice President: Papeteries de Clairefontaine and Clairefontaine Rhodia departments Administration and Finance Department

The Board has placed no limitations on the powers of the Chairman and Chief Executive Officer or on those of the Executive Vice Presidents.

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

The Board has met four times since 1 January 2014.

- The 26 March Board meeting approved the financial statements for the previous year and prepared the Shareholders' Meeting.
- The 30 August meeting reviewed the half-yearly position, particularly the economic environment at the beginning of the year, the interim operating statements and other specific items.
- The March and August Board meetings were followed by an announcement to all shareholders.

One or more additional Board meetings are held if circumstances require, particularly if there are significant acquisition or investment opportunities.

Board members must be physically present at Board meetings, as there is no provision for video conferencing. Board members had a very high attendance rate, without missing any meeting. No meetings were called at the initiative of the directors or senior executives.

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 meetings called to approve the half-year and annual financial statements, each Group company is required to submit a management report, which, in addition to its balance sheet, must contain an analysis of the following items:

→ raw materials (pulp in particular)
→ sales results
→ finishing and logistics
→ technical services
→ manufacturing results
→ accounting and financial management
→ capital expenditure
→ outlook and risks

The directors review the consolidated financial statements of the Group and those of the sub-groups.

These consolidated statements contain a number of analyses:

→ changes in shareholders' equity;
→ contribution to consolidated income by company;
→ contribution to consolidated reserves by company;
→ contribution to shareholders' equity by company;
→ consolidated interim operating statements.

The drafts of the parent company and consolidated financial statements are submitted to Board members at least eight days before the Board meeting called to approve the final financial statements.
Whenever a member of the Board so requests, the Chairman shall immediately or promptly provide any additional information or documents to said party.

2. Shareholder attendance at Shareholders' Meetings

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 that have been pledged are exercised by the owner of the 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 notice, 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 sessions, an ordinary and an extraordinary session, provided said sessions 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

In light of the following factors, the strong family shareholding, company values upheld by its members etc., the Board of Directors does not deem it necessary to refer to a corporate governance code.
Similarly, the Board of Directors has not fixed its mode of operation according to a written set of internal procedural rules. Changes to rules and corporate governance are decided during the various meetings.

Audit Committee:

The Audit Committee is represented by the Board of Directors, on which the senior executives from the Group's four departments sit.
The Board has not formally established any other permanent committees tasked with monitoring particular areas. Ad hoc committees may be put in place according to the issues that need to be dealt with.

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 Group applies the principle of fixed remuneration for all corporate officers and there are no variable remuneration measures in place.

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

- salaries: based on experience and the responsibilities of the position held;
- directors' fees: distributed equally among the members of the Board taking into account attendance at meetings.

Directors' fees:

The total amount of director's fees shared among Directors totalled €60,000 in 2014, and was awarded by a decision of the 27 May 2014 Shareholders' Meeting.

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, Senior 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, however efficient the system is, 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 annual parent company and consolidated financial statements;
- → the consolidated half-yearly financial statements;
- → the quarterly statements (March and September – unpublished);
- → the projected 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 foreign currency risk.

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

- ➢ accounting and financial

  - → preparation of projected financial statements
  - → budget monitoring
  - → monitoring of intercompany revenue
  - → intercompany account reconciliations
  - → monitoring of monthly and year-to-date interim operating statements
  - → monthly and year-to-date cash position
  - → composition and performance of the investment portfolio
  - → monthly monitoring of the subsidiaries' short- and medium-term financial commitments, with transmission and control of working capital requirements.

The internal control of financial instruments is specifically monitored by Senior 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:
- either they consist of transactions aimed at reducing the risk of a change in the value of an asset or liability or of a related commitment or future transaction not yet realised,
- or they are purely financial in nature in the case of additional outstanding debt.

➢ <u>in other areas, a number of regular reports are prepared:</u>

→ production reports
→ monitoring of monthly and year-to-date industrial results
→ ISO 9000 and ISO 14000 certification
→ safety
→ environmental audits
→ environmental labels

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 Senior Management or its authorised representatives 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 (intercompany reconciliations)
- SAP, NAVISION (accounting & finance)
- ZADIG (personnel management)
- EXCALIBUR (intranet).

➢ The Group companies 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

Chairman of the Board of Directors

Exacompta Clairefontaine S.A.

Parent Company Financial Statements for the year ended
31 December 2014

BALANCE SHEET AND INCOME STATEMENT

ASSETS (€000)	31/12/2014	31/12/2013
Intangible assets		
Concessions, patents, licenses, trademarks	1	14
Intangible assets in progress		
Property, plant and equipment		
Land	3,616	3,601
Buildings	9,734	10,575
Other PP&E	43	32
Property, plant and equipment in progress	180	175
Non-current financial assets		
Equity interests	274,240	274,240
Other long-term investment securities		
Loans	29,816	9,305
Other non-current financial assets	4	4
TOTAL NON-CURRENT ASSETS	**317,634**	**297,946**
Inventories	198	198
Advances and progress payments made on orders	58	135
Receivables		
Trade and intercompany receivables	2,328	2,175
Other receivables	59,354	86,727
Prepaid expenses	217	195
Cash and cash equivalents	6,607	1
TOTAL CURRENT ASSETS	**68,762**	**89,431**
Currency translation adjustment		11
TOTAL ASSETS	**386,396**	**387,388**

LIABILITIES AND SHAREHOLDERS' EQUITY (€000)	31/12/2013	31/12/2013
Share capital	4,526	4,526
Share, merger and contribution premiums	162,566	162,566
Revaluation discrepancy	485	485
Reserves		
Statutory reserve	453	453
Other reserves	139,170	162,219
Retained earnings		418
Profit/(loss) for the year	**-1,718**	**-22,901**
Regulated provisions	2,947	2,821
SHAREHOLDERS' EQUITY	**308,429**	**310,587**
Provisions		
For contingent liabilities		
For charges	281	251
TOTAL PROVISIONS	**281**	**251**
Financial liabilities		
Bank loans and borrowings	30,035	46,282
Operating payables		
Trade payables	805	803
Taxes and social security contributions payable	1,547	1,396
Other payables	44,647	27,758
Deferred income	568	311
TOTAL PAYABLES	**77,602**	**76,550**
Currency translation adjustment	84	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**386,396**	**387,388**

INCOME STATEMENT (€000)	31/12/2014	31/12/2013
Revenues	2,231	2,259
Operating subsidies		
Reversals of depreciation, amortisation and provisions, expense transfers	6,481	6,495
Other income	384	479
REVENUE FROM OPERATIONS	**9,096**	**9,233**
Purchases and other supplies	7	8
Other purchases and external expenses	2,350	2,206
Taxes, duties and similar payments	408	411
Salaries and wages	3,893	3,903
Social security contributions	1,519	1,495
Increases in depreciation/amortisation of non-current assets	862	857
Provision charges	42	28
Other expenses	66	67
OPERATING EXPENSES	**9,147**	**8,975**
OPERATING PROFIT/(LOSS)	**-51**	**258**
Financial income from equity investments	669	720
Income from other securities and receivables from non-current assets	266	422
Other interest and similar income	1,878	1,413
Reversals of provisions, expense transfers		
Positive currency translation adjustments	391	65
Net profit on sales of marketable securities		
FINANCIAL INCOME	**3,204**	**2,620**
Increases in depreciation, amortisation and provisions		25,000
Interest expense and similar expenses	1,071	932
Negative currency translation adjustments	13	205
Net expenses on sales of marketable securities		
FINANCIAL EXPENSES	**1,084**	**26,137**
NET FINANCIAL INCOME	**2,120**	**-23,517**
INCOME BEFORE TAXES	**2,069**	**-23,259**
Extraordinary income		
On operating transactions		14
On capital transactions		3
Reversals of provisions, expense transfers	28	29
EXTRAORDINARY INCOME	**28**	**46**
Extraordinary expenses		
On operating transactions		
On capital transactions	1	5
Increases in depreciation, amortisation and provisions	154	268
EXTRAORDINARY EXPENSES	**155**	**273**
EXTRAORDINARY INCOME/(EXPENSE)	**-127**	**-227**
Income taxes	3,660	-585
NET INCOME FOR THE YEAR	**-1,718**	**-22,901**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

KEY EVENTS OF THE YEAR

Introduction

Notes to the balance sheet prior to earnings appropriation for the year ended 31/12/2014, for which:

- Total assets amounted to: €386,396,128
- Net loss amounted to: -€1,718,088

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 ANC 2014-03 decrees issued by the *Autorité des normes comptables* (ANC - French accounting standards authority).

Comparability of the financial statements

The fiscal year is a period of 12 months that runs from 01/01/2014 to 31/12/2014.

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, in accordance with the following underlying assumptions:

- going concern;
- consistent accounting methods from one year to the next;
- accruals concept;

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 estimated useful life:

- Software 1 to 3 years

Property, plant and equipment

Valuation:

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

Depreciation:

Depreciation is calculated using the straight line method based on the estimated useful life of each component of property, plant and equipment on the following bases:

- Buildings 25 to 40 years
- Fixtures and furnishings 10 to 20 years
- Office supplies and computer hardware 3 to 10 years

Write-downs:

At the end of each year, the company assesses the value of its property, plant and equipment 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 fair value is less than gross value, a write-down is taken for the amount of the difference.
Fair value is assessed on the basis of net assets, which may be consolidated in the case of a group of subsidiaries, and on the outlook of each subsidiary or group of subsidiaries.

Financing granted to subsidiaries payable after one year are reclassified as non-current financial assets.

Inventories

Inventories include the purchase of resinous wood made in 1997.

Receivables and payables

Valuation and impairment:

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

Receivables and payables denominated in foreign currencies:

These items are valued using the closing exchange rate on the balance sheet date. Differences resulting from this valuation are recorded as currency translation adjustments, in assets or liabilities. Provisions are recorded for unrealised foreign exchange losses recognised under assets.

Cash

Short-term cash:

Short-term needs are financed by commercial paper issued by Exacompta Clairefontaine. A fixed rate determined at the moment of issue is paid on the commercial paper, which has a fixed maturity and a maximum term of 365 days.
Commercial paper outstanding at year-end amounted to €20 million. The maximum amount issuable was €125 million.

Lines of credit:

Lines of credit are in place with several banks for a total amount of €127 million, with maturities not exceeding 4 years. Lines of credit have a term of between one week and 6 months. As at 31 December 2014, none of these had been used.

Marketable securities

Marketable securities are assets held for trading. The book value of €6,270,000 is their market value at 31 December 2014. The book value is equal to the fair value.

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 estimated useful life.
Accelerated depreciation totalled €2,947,000 at year-end.

Provisions for contingent liabilities and charges

The method used to calculate the provision for pensions is the projected unit credit method. The discount rate is determined using the French average bond market rate, based on blue chip corporate bonds.

The calculation is based on the following main assumptions:

- probability of retirement from the company, turnover, death;
- total amount of benefits outstanding under the “Production of papers, cardboard and cellulose” collective agreement;
- retirement age: between 60 and 67 years of age depending on the year in which the employee was born;
- social security contributions rate: 40%; discount rate: 2.44 %

A provision for the full amount of the retirement commitment – including social security contributions – was taken at year-end and totalled €281,000.

Other information

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

Exacompta Clairefontaine is 80.46% owned by Ets Charles NUSSE SA, a French limited company (société anonyme) with an Executive Board and a Supervisory Board, with a share capital of €1,603,248, located at l5, rue des Ecluses St-Martin 75010 PARIS.

➢ *Tax consolidation:*

All French subsidiaries are consolidated for tax purposes, except for Photoweb and Apax Studio which are 75% owned.

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 expense recorded in 2014 totalled €3,296,000.

➢ *Individual training rights:*

At year-end, employees had acquired 4,585 unused hours.

➢ *Staff:*

The average headcount of the parent company totalled 44 persons in 2014 (Two administrative managers and 42 sales managers).

➢ *Competitiveness and Employment tax credit (Crédit d'impôt pour la compétitivité et l'emploi – CICE)*

CICE is calculated based on the total remuneration paid during the calendar year and the income is accounted for in line with personnel expenses. It is recorded as a reduction in personnel expenses. For the 2014 fiscal year, total CICE was €11,000.

➢ *Remuneration of administrative and management bodies:*

The members of the Board of Directors receive no remuneration from the company.
The total amount of director's fees shared among Directors totalled €60,000 in 2014, and was awarded by a decision of the 27 May 2014 Shareholders' Meeting.

BALANCE SHEET AND

INCOME STATEMENT DATA

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 (€000)

Shareholders' equity at 31/12/2013	**310,587**
Dividends distributed	-566
Change in regulated provisions	126
Income/(loss) for fiscal year 2014	-1,718
Shareholders' equity at 31/12/2014	**308,429**

Change in gross non-current assets

€000	Gross value b/fwd	Purchases	Sales	Other activity	Gross value c/fwd
Concessions, patents, licences	288	1			289
Intangible assets in progress	0				0
Intangible assets	**288**	**1**	**0**	**0**	**289**
Land	3,602	16			3,618
Buildings and fixtures	20,909				20,909
Other PP&E	98	10	5	8	111
Property, plant and equipment in progress	175	13		-8	180
Property, plant and equipment	**24,784**	**39**	**5**	**0**	**24,818**
Equity interests	299,240				299,240
Loans	9,305	24,809	4,298		29,816
Other non-current financial assets	4				4
Non-current financial assets	**308,549**	**24,809**	**4,298**		**329,060**

Inventory of securities held in the portfolio

Company name	**Number of shares**	**% interest**	**Net asset value**
Papeteries de Clairefontaine	5,700,000	100%	103,001,491
Exacompta	135,000	100%	90,692,905
Ateliers de Fabrication d'Agendas	90,000	100%	49,633,433
Clairefontaine Rhodia	256,000	100%	30,912,423
Coopérative Forestière Lorraine	1	insignificant	178

Change in depreciation/amortisation of non-current assets

€000	**Amounts b/fwd**	**Additions**	**Reversals**	**Amounts c/fwd**
Concessions, patents, licences	274	14		288
Intangible assets	**274**	**14**		**288**
Land	1	1		2
Buildings and fixtures	10,334	841		11,175
Other PP&E	66	6	4	68
Property, plant and equipment	**10,401**	**848**	**4**	**11,245**

Change in provisions and write-downs

€000	**Amounts b/fwd**	**Additions**	**Reversals** (used)	**Reversals** (not used)	**Amounts c/fwd**
Accelerated depreciation/amortisation	2,821	154	28		2,947
Regulated provisions	**2,821**	**154**	**28**		**2,947**
Pensions and similar obligations	251	42	6	6	281
Provisions for contingent liabilities and charges	**251**	**42**	**6**	**6**	**281**
Equity interests	25,000				25,000
Write-downs	**25,000**				**25,000**

Increases and reversals		
○ operating	42	12
○ financial		
○ extraordinary	154	28
Total	**196**	**40**

Receivables schedule

Receivables due (€000)	**Gross amounts**	**Less than 1 year**	**More than 1 year**
Non-current receivables			
Loans	29,816	3,446	26,370
Other non-current financial assets	4		4
Current receivables			
Trade receivables	2,328	2,328	
Personnel and related	21	21	
Income taxes	2,589	2,589	
Value added tax	126	126	
Other tax receivables	2	2	
Group and associates	56,612	56,612	
Other receivables	4	4	
Prepaid expenses	217	217	
Total	**91,719**	**65,345**	**26,374**

Payables schedule

Payables due (€000)	**Gross amounts**	**Less than 1 year**	**From 1 to 5 years**
Bank loans and borrowings	30,035	20,035	10,000
Trade payables	805	805	
Personnel and related	545	545	
Social security organisations	752	752	
Value added tax	219	219	
Other taxes, duties and similar items	31	31	
Liabilities on non-current assets	1	1	
Group and associates	44,646	40,540	4,106
Deferred income	568	568	
Total	**77,602**	**63,496**	**14,106**

Breakdown of prepaid expenses and deferred income

€000	**Prepaid expenses**	**Deferred income**
Operating income/expenses	181	470
Financial transactions	36	98
Total	**217**	**568**

Breakdown of accrued expenses and accrued income

€000	Accrued expenses	Accrued income
Invoices not received/to be established	83	171)
Tax and social security payables/receivables	643	2
Financial transactions	35	9
Total	**761**	**182**

Breakdown of expense transfers

€000	Expense transfers
Transfer of external expenses	1,241
Transfer of personnel expenses	5,037
Transfer of taxes & duties	191
Total	**6,469**

Extraordinary income and expenses

€000	31/12/2014	31/12/2013
Sale of property, plant and equipment		3
Reversal of accelerated depreciation	28	29
Other extraordinary reversals		
Other income		14
Total extraordinary income	**28**	**46**
Sale of property, plant and equipment	1	5
Increase in accelerated depreciation	154	218
Other extraordinary additions		50
Other expenses		
Total extraordinary expenses	**155**	**273**

Breakdown of income taxes

Breakdown – €000	**Income before tax**	**Taxes owed**	**Net income after tax**
Income/(loss) from ordinary activities	2,069	377	1,692
Extraordinary income	-127	-30	-97
Tax expense			
• Tax consolidation:		3,296	-3,296
• Other tax effects		17	-17
Total	**1,942**	**3,660**	**-1,718**

Deferred and future tax position

€000	**Amount**
Tax on:	
Accelerated depreciation/amortisation	982
Total increases	982
Prepaid tax on:	
Paid holiday	106
Other	126
Total reductions	232
Net deferred tax position	**750**

Tax loss carryforwards	–
Net future tax position	**0**

Financial instruments

Valuation:

The Group uses derivatives products mainly to hedge against interest rate risks. Transactions performed to hedge exchange rate risks are non material.
The valuation of the financial instruments was -€318,000 as at 31/12/2014.

Interest rate risks:

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

Financial instrument portfolio at 31/12/2014 (current notional amounts):

Residual maturity (€000)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Interest rate swaps	3,435	12,570	0	16,005

Off-balance sheet commitments

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

Exacompta Clairefontaine:
- jointly and severally guarantees payment to Exeltium of all liabilities in respect of purchases of blocks of electricity subscribed to by Papeteries de Clairefontaine.
- Guarantees two loans taken out by its subsidiary Lavigne from CIC Est. The outstanding capital at 31/12/2014 was €7,844,000.

Amounts concerning related companies

€000	**Related companies**
Non-current assets	**304,054**
Equity interests	274,240
Loans	29,814
Current assets	**58,973**
Trade and intercompany receivables	2,328
Other receivables	56,645
Liabilities	**44,869**
Trade payables	123
Other payables	44,746
Financial income	**2,812**
Dividends	669
Financial expenses	**438**
Operating revenue	**8,990**
Real estate leases	2,169
Other income	379
Expense transfers	6,442

Related party transactions

No material non-arm's length transactions involving related parties were executed.

List of subsidiaries and equity interests (€)

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% 399,000	91,200,000 160,312,023	103,001,491 103,001,491	
Exacompta 138 Quai de Jemmapes 75010 PARIS	100%	2,160,000 77,742,408	115,692,905 90,692,905	910,714
Atelier de Fabrication d'Agendas 132, Quai de Jemmapes 75010 PARIS	100% 270,000	1,440,000 43,685,811	49,633,433 49,633,433	
Clairefontaine Rhodia RD 52 68490 OTTMARSHEIM	100%	27,264,000 19,832,726	30,912,423 30,912,423	

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

Exacompta Clairefontaine S.A.

Statutory Auditors' Reports

- **Report on the parent company financial statements**
- **Special report on regulated agreements and commitments**
- **Report on the Chairman's report on the operations of the Board of Directors and internal control**

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Report of the Statutory Auditors on the parent company financial statements

Year ended 31 December 2014

EXACOMPTA CLAIREFONTAINE
A French limited company (*société anonyme*)

88480 ETIVAL CLAIREFONTAINE

STATUTORY AUDITORS' REPORT
ON THE PARENT COMPANY FINANCIAL STATEMENTS

Year ended 31 December 2014

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we hereby present our report on the year ended 31 December 2014, concerning:

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

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

1 - <u>Opinion on the parent company financial statements</u>

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 parent company financial statements are free from material misstatements. 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 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 hereby certify that the parent company 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, assets and liabilities of the company at the end of that year.

2 - Bases of assessments

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

The section entitled “Non-current financial assets” in the notes explains the methods used for valuing equity interests. Our work included an assessment of the appropriateness of the underlying data used and of the assumptions on which these estimates were based. As part of our assessments, we assured ourselves of the reasonableness of these estimates.

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 verifications and information

We also performed the specific verifications required by law, in accordance with the professional standards applicable in France.

We have no comments to make about the accuracy and consistency with the parent company 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 position and the parent company financial statements.

As required by law, we hereby inform you that, contrary to the provisions of Article L.225-102-1 of the French Commercial Code, your company did not mention the following in its management report:

- information related to remuneration and benefits paid to authorised representatives of the company, as well as commitments of any kind made to them,
- and, in the separate document entitled "Social and Environmental Responsibility", information regarding measures designed to reduce noise and any other forms of pollution specific to the business activity.

Pursuant to the law, we assured ourselves that the other information regarding the identity of the holders of the capital was communicated to you in the management report.

Executed in Paris and Vandœuvre-lès-Nancy, 24 April 2015

The Statutory Auditors

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Special report of the Statutory Auditors on regulated agreements and commitments

Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014

EXACOMPTA CLAIREFONTAINE
A French limited company (*société anonyme*)

88480 ETIVAL CLAIREFONTAINE

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2014

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

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

It is our responsibility to inform you, on the basis of the information provided to us, of the essential characteristics and conditions of the agreements and commitments of which we have been informed or which we have discovered during the course of our audit, without having to express an opinion on their usefulness or appropriateness or to seek out the existence of other agreements and commitments. 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.

It is also our responsibility, where appropriate, to provide you with the information stipulated in Article R.225-31 of the French Commercial Code in relation to the performance, during the past year, of those agreements and commitments already approved by the Shareholders' Meeting.

We have carried out the procedures which we judged necessary pursuant to the professional policies of the *Compagnie Nationale des Commissaires aux Comptes* (National Institute of Statutory Auditors) relative to this assignment.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE SHAREHOLDERS' MEETING FOR APPROVAL

We have not been informed of any agreement or commitment authorised during the past year and requiring to be submitted to the Shareholders' Meeting for approval pursuant to the provisions of Article L.225-38 of the French Commercial Code.

Agreements and commitments already approved by the Shareholders' Meeting

We hereby inform you that we have not been informed of any agreement or commitment already approved by the Shareholders' Meeting and whose performance continued during the past year.

Executed in Paris and Vandœuvre-lès-Nancy, 24 April 2015

The Statutory Auditors

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Report 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 2014

EXACOMPTA CLAIREFONTAINE
A French limited company (*société anonyme*)

88480 ETIVAL CLAIREFONTAINE

Report 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 2014

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In our role as statutory auditors of Exacompta Clairefontaine and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby 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 2014.

The Chairman is required to draw up and submit to the Board of Directors for its approval a report detailing the internal control and risk management procedures established by the company, in addition to other information required by Article 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 and risk management procedures related to the preparation and treatment of the accounting and financial information; and
- certify that the report includes all the other information required by Article L.225-37 of the French Commercial Code, on the understanding 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 and risk management procedures for preparing and processing accounting and financial information

The professional standards require the performance of procedures that aim to assess the accuracy of the information concerning the internal control and risk management procedures related to the preparation and treatment of accounting and financial information contained in the Chairman's report.

These procedures include:

- acquainting ourselves with the internal control and risk management procedures for the preparation and treatment of the accounting and financial information underlying the information presented in the Chairman's report and with 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 control system regarding the preparation and treatment of the accounting and financial information which we identified 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 regarding the information concerning the company's internal control and risk management procedures for the preparation and treatment of the accounting and financial information contained in the Chairman's report, 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 contains the other information required by Article L.225-37 of the French Commercial Code.

Executed in Paris and Vandœuvre-lès-Nancy, 24 April 2015

The Statutory Auditors

SEREC AUDIT	**BATT AUDIT**
Dominique GAYNO	Jehanne GARRAIT

Exacompta Clairefontaine S.A.

Consolidated financial statements for the year ended
31 December 2014

Consolidated balance sheet

€000	31/12/2014	31/12/2013	Notes
NON-CURRENT ASSETS	**266,531**	**240,838**	
Intangible assets	13,412	14,172	(2.1.4)
Intangible assets — Goodwill	31,462	10,550	(2.1.4)
Property, plant and equipment	215,396	212,668	(2.1.5)
Financial assets	5,258	2,871	(2.1.6)
Deferred taxes	1,003	577	(2.4)
CURRENT ASSETS	**341,013**	**332,807**	
Inventories	160,633	164,232	(2.2.1)
Trade and other receivables	105,117	105,315	(2.2.2)
Advances	2,127	1,941	
Taxes receivable	2,695	3,009	
Cash and cash equivalents	70,441	58,310	(2.2.3)
TOTAL ASSETS	**607,544**	**573,645**	

SHAREHOLDERS' EQUITY	**373,176**	**367,270**	
Share capital	4,526	4,526	
Reserves related to capital	232,854	256,321	
Consolidated reserves	122,635	103,489	
Currency translation reserve	-1,008	-1,389	
Profit/(loss) — Group share	11,432	4,277	
Shareholders' equity — Group share	**370,439**	**367,224**	
Minority interests	2,737	46	
NON-CURRENT LIABILITIES	**81,904**	**50,212**	
Interest-bearing debt	33,328	2,809	(2.6)
Deferred taxes	29,120	29,790	(2.4)
Provisions	19,456	17,613	(2.5)
CURRENT LIABILITIES	**152,464**	**156,163**	
Trade payables	53,591	47,024	
Short-term portion of interest-bearing debt	43,603	58,080	(2.6)
Provisions	4,239	3,277	(2.5)
Tax liabilities	234		
Other payables	50,797	47,782	(2.8)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**607,544**	**573,645**	

Consolidated income statement

€000	31/12/2014	31/12/2013	Notes
Income from ordinary activities	550,972	524,635	
- Sales of products	543,801	518,416	
- Sales of services	7,171	6,219	
Other operating income	5,642	5,127	
- Reversal of depreciation/amortisation		115	(2.1.4, 2.1.5)
- Subsidies	9	35	
- Other income	5,633	4,977	
Change in inventories of finished products and work-in-progress	-2,018	-4,688	(2.2.1)
Capitalised production costs	717	646	
Goods and materials used	-251,665	-247,246	(2.2.1)
External expenses	-88,975	-85,028	
Personnel expenses	-147,860	-145,079	(2.12)
Taxes and duties	-11,584	-11,693	
Depreciation/amortisation	-26,771	-25,266	(2.1.4, 2.1.5)
Other operating expenses	-6,949	-6,316	
OPERATING PROFIT/(LOSS) – before goodwill impairment	**21,509**	**5,092**	
Goodwill impairment	-2,769	-70	(2.1.4, 2.1.1)
OPERATING PROFIT/(LOSS) – after goodwill impairment	**18,740**	**5,022**	
Financial income	2,990	2,136	
Financial expenses	-2,536	-2,760	
Net financial items	454	-624	(2.13)
Income taxes	-7,283	-120	(2.4, 2.11)
Income/(loss) after tax	**11,911**	**4,278**	

Net income/(loss) – minority share	**479**	**1**	
Net income/(loss) – Group share	**11,432**	**4,277**	

Net income/(loss) for the period	11,432	4,277	
Number of shares	1,131,480	1,131,480	(2.3)
EARNINGS PER SHARE (basic and diluted)	**10.10**	**3.78**	

Comprehensive income statement

€000	31/12/2014	31/12/2013
Net income/(loss) for the period	**11,911**	**4,278**
• Currency translation differences resulting from the conversion of foreign entities' financial statements	379	-665
• Actuarial gains and losses	-970	-531
Total comprehensive income/(loss)	**11,320**	**3,082**
Attributable to:		
- minority interests	479	1
- the Group	10,841	3,081

Statement of changes in consolidated shareholders' equity

€000	Shareholders' equity — Group share	Shareholders' equity — minority share	Total shareholders' equity
Balance at 31/12/2012	**364,709**	**45**	**364,754**
Currency translation difference	-665		-665
Other changes	-531		-531
Total from transactions not affecting earnings	-1,196		-1,196
Profit/(loss) for the year	4,277	1	4,278
Dividends	-566		-566
Balance at 31/12/2013	**367,224**	**46**	**367,270**
Currency translation difference	379		379
Actuarial gains and losses and other variations	-970		-970
Acquisition of Photoweb — minority interests		2,212	2,212
Put on Photoweb minority interests	-7,060		-7,060
Total from transactions not affecting earnings	-7,651	2,212	-5,439
Profit/(loss) for the year	11,432	479	11,911
Dividends*	-566		-566
Balance at 31/12/2014	**370,439**	**2,737**	**373,176**

* €0.50 per share

Statement of consolidated cash flows

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

€000	31/12/2014	31/12/2013	Notes
Cash and cash equivalents in assets	70,441	58,310	(assets)
Bank overdrafts payable	-43,557	-58,080	(2.6)
Accrued interest on debt	-46	-	(2.6)
Cash in statement of changes in cash flow	**26,838**	**230**	

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

Change in cash flows

€000	31/12/2014	31/12/2013	Notes
Total consolidated net income/(loss)	**11,911**	**4,278**	
Elimination of operating expenses and income that do not affect cash or that are not related to business activity:			
• Depreciation, amortisation and provisions	32,427	26,147	(2.1.4 to 2.1.6, 2.5)
• Change in deferred taxes	-670	96	(2.4)
• Gains on sales, net of taxes	-298	60	
• Currency translation adjustments	379	-665	
• Other	-970	-531	
Cash flow of consolidated companies	*42,779*	*29,385*	
• Change in operating working capital	13,001	-720	Balance sheet
• Change related to income taxes	-2,906	-2,031	
• Income taxes paid	3,220	-174	
(1) Net cash flow from operating activities	**56,094**	**26,460**	
• Purchases of fixed assets	-20,242	-26,489	(2.1.4 to 2.1.6)
• Sales of fixed assets	1,054	3,312	
• Effect of changes in consolidation – acquisitions	-40,251		
• Effect of changes in consolidation – disposals			
(2) Cash flow from investing activities	**-59,439**	**-23,177**	
• Dividends paid	-2,487	-4,313	(Change in shareholders' equity)
• Dividends received	1,921	3,747	
• Borrowings	33,775	3,413	
• Loans repaid	-2,869	-1,349	
• Interest paid	-999	-453	
• Interest received	612	803	
(3) Cash flow from financing activities	**29,953**	**1,848**	
(1+2+3) Total cash flow	**26,608**	**5,131**	

Opening cash	230	-4,901
Closing cash	26,838	230
Change in cash	**26,608**	**5,131**

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

1- General principles – statement of compliance

The consolidated financial statements of the EXACOMPTA CLAIREFONTAINE Group were prepared in accordance with the IFRS (International Financial Reporting Standards), as adopted within the European Union.
The consolidated financial statements of the Exacompta Clairefontaine Group were approved by the Board of Directors on 26 March 2015. They will not be final until they have been approved by the Shareholders' Meeting.

2- Adoption of international standards

➢ <u>Mandatory standards, amendments and interpretations in 2014:</u>

- IFRS 10 – *Consolidated financial statements*
- IFRS 11 – *Joint arrangements*
- IFRS 12 – *Disclosure of interests in other entities*
- Amendments to IFRS 10, 11 and 12 - *Transition guidance*
- Amendments to IFRS 10 and 12 and IAS 27 – *Investment entities*
- IAS 28 revised 2011 – *Investments in associates and joint ventures*
- Amendments to IAS 32 – *Financial Instruments*: *Presentation - Offsetting financial assets and financial liabilities*
- Amendments to IAS 36 – *Impairment of assets – Recoverable amount disclosures for non-financial assets*
- Amendments to IAS 39 – *Financial instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting*

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

➢ <u>Standards, amendments and interpretations adopted by the European Union and mandatory after 2014</u>

- Amendments to IAS 1 – *Financial statement presentation – Disclosure initiative*
- Annual improvements – *2011-2013 cycle*
- IFRIC 21 – *Taxes*

The Group did not apply any optional standard, amendment or interpretation.
The impacts of these new rules are being assessed, in particular as regards the interpretation of IFRIC 21 - *Taxes*.

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

- IFRS 9 - *Financial instruments*
- Amendments to IAS 19 – *Employee benefits – Defined benefit plans: employee contributions*
- Annual improvements – *2010-2012 cycle*
- Annual improvements – *2012-2014 cycle*
- IFRS 15 – *Revenue from Contracts with Customers*
- Amendments to IFRS 10 and IAS 28 – *Sales or contributions of assets between an investor and its associate/joint venture*
- Amendments to IFRS 11 – *Accounting for interests in joint ventures and joint operations*
- Amendments to IAS 16 and 38 – *Clarification of Acceptable Methods of Depreciation and Amortisation*

The impacts of the application of the new rules are being assessed.

3- Bases of preparation of the financial statements

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

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

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

4- Consolidation of subsidiaries

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

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

5- Foreign currencies

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

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

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

6- Business combinations

As of 1 January 2010, business combinations are accounted for by the acquisition method in accordance with the principles of the revised IFRS 3 - *Business combinations*.

The goodwill arising from a business combination is valued as the excess of the consideration transferred and the book value, as at the acquisition date, of the identifiable assets acquired and liabilities taken over, at their fair value.
Where applicable, the non-controlling interest in the acquired entity is valued either at fair value or at the share of the fair value of assets and liabilities of the subsidiary acquired. This option is available at each business combination and cannot be changed subsequently.

In the case of a step acquisition, the share of the interest held prior to the acquisition date is valued at its fair value. The related profit or loss is recorded in income.

The initial valuation of the business combination can be adjusted against the goodwill if there is new information on facts existing at the acquisition date. The adjustment period in respect of the initial valuation is limited to 12 months as from the acquisition date.
The Group records acquisition-related costs as expenses in the periods over which the costs were incurred and the services rendered.

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

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

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

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

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

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

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

8- Intangible assets

Research and development costs

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

Goodwill

Goodwill arises from the acquisition of subsidiaries. It is the difference between the acquisition cost and the fair value of identifiable net assets minus contingent liabilities at the acquisition date.

Goodwill is initially valued at its cost and recorded as an asset in accordance with the principles set out in paragraph 6 above. It is thereafter valued at cost, less accumulated impairment.

For the purposes of impairment testing, goodwill is allocated to cash generating units (CGUs) consisting mainly of subsidiaries or groups of subsidiaries with synergies and no independent cash flows.
Most of these CGUs are outside the consolidated Group, and they are smaller in size than the operating segments defined by IFRS 8 *Operating segments*.

Impairment tests are carried out on all cash generating units to which goodwill is allocated; these tests are performed annually, and at each account statement date if there is an indication that the unit may have lost value as specified below in accordance with the method set out in IAS 36:

- Discount rate equal to the expected market return for an equivalent investment, regardless of the financing sources. This discount rate is a post-tax rate applied to post-tax cash flows. Its use leads to the determination of recoverable values identical to those obtained by using a pre-tax rate applied to pre-tax cash flows.
- 3-year Business Plans approved by Management
- Extrapolation of cash-flow from operations beyond 3 years based on a growth rate specific to the industry

If the recoverable value of the cash generating unit is less than that unit's book value, the loss in value is first allocated to reducing the book value of any goodwill allocated to that cash generating unit, and then to other assets of the unit, pro rata to the book value of each asset in the unit.
Impairment of goodwill recorded in the income statement is not reversed in a subsequent period.

Trademarks

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

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

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

Other intangible assets

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

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

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

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

The recoverable value of an asset is the higher of the fair value less costs to sell and the value in use. The value in use is estimated using the discounted future cash flows method. If the recoverable value is estimated to be less than the book value, impairment is recognised immediately in expenses in the income statement.

Impairment recorded for an asset during a prior period may be reversed if there has been a change in the estimates used to determine the recoverable value. However, this book value, increased because of a reversal of impairment, may not exceed the book value that would have been determined, net of depreciation or amortisation, if no impairment had been recorded. The reversal of impairment is recorded in the income statement.

10- Financial assets

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

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

11- Trade and other receivables

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

12- Inventories

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

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 no. 2003/87/EC of the European Parliament and the Council, establishing a scheme for trading greenhouse gas emission allowances, adopted on 13 October 2003.

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

The Group applies the accounting principles set forth in Regulation no. 2012-03 of 4 October 2012 on the accounting treatment of greenhouse gas emission allowances and similar units, as adopted by the French accounting standards authority ("*Autorité des normes comptables*" or ANC).
Pursuant to the regulation, the Group applies the "production" model, in which the holding of allowances is linked to a production process that generates greenhouse gas emissions. The allowances are used in order to comply with the requirement to surrender them to the State.

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

- The allowances are recorded under inventories
  - Allowances allocated by the State are recorded at zero value. They are treated purely in terms of volume.
  - Purchased allowances are recorded at purchase cost.

- Balance sheet valuation
  - An impairment charge is recorded when the present value of inventories is lower than the book value.
  - No specific valuation is carried out in the case of allocated allowances, as they are recorded at zero value.

- Inventory withdrawal
  - The allowances are withdrawn from inventories on an ongoing basis in line with actual CO_2 emissions. Allocated allowances have no impact on the financial statements.
  - Any gains or losses arising from the sale of emission allowances are recorded under operating profit.

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

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 week at most and are subject to a negligible risk of a change in value.
Marketable securities are assets valued at fair value through profit or loss.
Bank overdrafts repayable on demand and current borrowings, which are an integral part of the Group’s cash management, are included in cash and cash equivalents for the purposes of the cash flow statement.

14- Derivative financial instruments

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

The Group does not apply hedge accounting (cash flow and fair value hedges). 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 in income.
Interest rate swaps, caps and floors are recorded at fair value, which corresponds to the price that would be exchanged between knowledgeable and willing parties in an arm's length transaction. This value is communicated by the financial institutions with which these instruments are contracted.

15- Interest-bearing debt

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

Put options granted to third-party minority shareholders of controlled subsidiaries constitute a financial liability. The liability is valued on the basis of the contracts and may be revalued based on the results achieved by the entity.
The Group records these put options as financial liabilities at the present value of the exercise price of these options after deduction of the related minority interests with an offsetting entry to Shareholders' equity, Group share.
Subsequent variations of the liability follow the same treatment.

16- Employee benefits

Defined contribution plans

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

Provisions for retirement indemnities

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

This amount is discounted to determine its present value, and is reduced by the fair value of the assets of the scheme. The discount rate is determined using the French average bond market rate on the balance sheet date, based on blue chip corporate bonds. The calculations are performed using the projected unit credit method.
Actuarial gains and losses are recorded under items of other comprehensive income.

17- Provisions

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

18- Income

Income from ordinary activities

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

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

Public subsidies

The public subsidies that offset some expenses incurred by the Group are recorded systematically as income in the income statement, for the period in which the expenses are incurred.

The subsidies that cover all or part of the costs of an asset are deducted from this asset to determine its cost price.
The subsidy is recorded as income over the useful life of the asset and can be amortised through a decrease in the depreciation expense.

Competitiveness and Employment tax credit (Crédit d'impôt pour la compétitivité et l'emploi - CICE)

The Competitiveness and Employment tax credit (CICE) was introduced under Article no. 66 of the Amending French Finance Act no. 2012-1510 of 29 December 2012.
It is calculated based on the total remuneration paid during the calendar year and the income is accounted for in line with personnel expenses. CICE is recorded as a reduction in personnel expenses.

19- Expenses

<u>Payments under operating leases</u>

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

<u>Net financial items</u>

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

20- Income tax

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

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

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

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

The following items do not result in deferred taxes:

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

A deferred tax asset is not recorded unless it is probable that the Group will have future taxable income against which this asset can be charged. Deferred tax assets are reduced when it is no longer probable that sufficient taxable income will be available.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities due, and when they involve taxes on income withheld by the same tax authority and the Group intends to pay them based on their net amount.

21- Management of financial risk

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

Market risks

Exposure to market risks involves mainly exchange rate and interest rate risks.

- Foreign exchange risk

The Group operates internationally. Risks related to commercial transactions denominated in a currency other than the respective functional currencies of Group entities are related mainly to purchases of raw materials denominated in US dollars.
In order to manage exchange rate risk, the Group hedges approximately 50% of its anticipated future transactions in USD for the coming three months using options contracts.
Exchange rate variations do not have a highly material impact on the financial statements for the year.

- Interest rate risk

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

Liquidity risk

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

The Group has conducted a specific review of its liquidity risk and deems that it will be able to meet future maturities.

Credit risk

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

- Trade and other receivables

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

The Group has implemented tools to monitor outstandings that enable it to ensure that its clients have an appropriate credit 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. Impairment charges correspond to specific losses related to individual risks.
The amounts presented in the balance sheet are net of impairment recorded.

- Investments

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

22- Segment information

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

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

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

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

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

Notes to the consolidated financial statements

1. CONSOLIDATED ENTITIES

All the companies have been consolidated at 31 December 2014 using the full consolidation method (F.C.).

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

LALO	138, Quai de Jemmapes 75010 PARIS	100	100	F.C.	572,016,814
LAVIGNE	139-175, Rue Jean Jacques Rousseau 92130 ISSY LES MOULINEAUX	100	100	F.C.	332,346,444
PAPETERIE DE MANDEURE	14, Rue de la Papeterie 25350 MANDEURE	100	100	F.C.	339,310,807
MANUCLASS	ZI d'Etriché 49500 SEGRE	100	100	F.C.	318,110,665
CLAIRCELL INGENIERIE	ZI – Rue de Chartres 28160 BROU	100	100	F.C.	490,846,763
EDITIONS QUO VADIS	14, rue du Nouveau Bêle 44470 CARQUEFOU	100	100	F.C.	054,807,748
IMPRIMERIE RAYNARD	6, rue de la Peltière – 35130 LA GUERCHE DE BRETAGNE	100	100	F.C.	659,200,786
ROLFAX	ZI route de Montdidier 60120 BRETEUIL	100	100	F.C.	432,030,088
PAPETERIES SILL	Rue du Moulin 62570 WIZERNES	100	100	F.C.	085,650,141
PHOTOWEB	1, rue des Platanes 38120 SAINT-EGREVE	75	75	F.C.	428,083,703
APAX STUDIO	1, rue des Platanes 38120 SAINT-EGREVE	75	75	F.C.	802,438,606
BRAUSE Produktion	D – 51149 KÖLN	100	100	F.C.	
EXACLAIR GmbH (Germany)	D – 51149 KÖLN	100	100	F.C.	
RODECO	D – 51149 KÖLN	100	100	F.C.	
MAKANE BOUSKOURA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
CLAIR MOROCCO	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
PUBLIDAY MULTIDIA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
ERNST STADELMANN	Bahnhofstrasse 8 A – 4070 EFERDING	99	99	F.C.	
EXACLAIR (Spain)	E – 08110 MONTCADA I REIXAC	100	100	F.C.	
EXACLAIR (Belgium)	Boulevard Paepsem, 18D B – 1070 ANDERLECHT	100	100	F.C.	
EXACLAIR Inc (USA)	143 West 29th Street USA – NEW YORK	100	100	F.C.	
EXACLAIR Ltd (UK)	Oldmedow Road KING'S LYNN, Norfolk PE30 4LW	100	100	F.C.	

QUO VADIS International Ltd	1055, Rue Begin – Ville Saint Laurent QUEBEC H4R 1V8	100	100	F.C.	
EXACLAIR Italia Srl	Via Soperga, 36 I – 20127 MILANO	100	100	F.C.	
QUO VADIS Japon Co Ltd	Sangenjaya Combox 4F 1–32–3 Kamjuma Setagaya-Ku, TOKYO	100	100	F.C.	
QUO VADIS Polonia Spzoo	Ul Oeniadeckich 18 60–773 POZNAN	100	100	F.C.	
QUO VADIS Editions Inc.	120 Elmview Avenue HAMBURG, NY 14075–3770	100	100	F.C.	
SCHUT PAPIER	Kabeljauw 2 NL – 6866 HEELSUM	100	100	F.C.	

Changes affecting the scope of consolidation	
Companies newly consolidated - acquisitions	Companies deconsolidated
• Acquisition of 75% interest in PHOTOWEB on 22 January 2014 • Creation of APAX STUDIO, subsidiary of PHOTOWEB on 22 May 2014	• None

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

Trademarks

The item “Concessions, patents, licences” includes trademarks totalling €8,655,000.
No impairment was recorded in the financial statements for fiscal year 2014.

Goodwill

The goodwill recorded applied mainly to five subsidiaries at 31 December 2014. The segment information shows the distribution of goodwill by business and geographic segment.

A goodwill of €23,681,000 was recorded in the consolidated financial statements following the acquisition of 75% interest in PHOTOWEB in January 2014.

The annual impairment test of CGUs was performed in 2014 based on the value in use of cash flows, by discounting the future cash flows generated by the continuous use of the CGU. The methods used for determining the value in use in 2014 are similar to those used in 2013.
An impairment of €2,550,000 was recorded following the impairment tests performed on the CGUs, to which €219,000 of special goodwill impairment was added .

The key assumptions used for calculating the recoverable amounts are the discount rate and the growth rate used to determine the terminal value.

- The discount rate used for CGUs was estimated after tax, based on past experience and the weighted-average cost of capital in the industry, at 8.51%.
- The long term perpetual growth rate in the processing industry was considered as nil.

Sensitivity of changes in key assumptions (€000)

Cost of equity	**7.51%**	**8.51%**	**9.51%**
Perpetual growth rate			
• 0%	0	**2,550**	7,313
• 1%	0	0	3,333

2.1.2 Property, plant and equipment

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

Finance lease agreements aggregated in the respective tables

€000	31/12/2014	31/12/2013
Property, plant and equipment	**9,376**	**10,049**
Land	5	22
Buildings	689	1,345
Plant and equipment	8,682	8,682
Depreciation	**8,965**	**8,988**
Accumulated b/fwd	8,988	8,409
Increase for the period	496	579
Disposals of fixed assets	-519	0
Loans	**0**	**0**

2.1.3 Financial assets

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

2.1.4 Intangible assets

At 31 December 2014 (€000)	Goodwill	Concessions, patents, licences and similar rights	Other	Total
Gross value b/fwd	13,666	25,742	3,589	42,997
Purchases		1,046	135	1,181
Sales		-77		-77
Changes in scope of consolidation	23,681	245		23,926
Currency translation adjustments		10	54	64
Transfers and other activity	-391	851	-961	-501
Gross value c/fwd	**36,956**	**27,817**	**2,817**	**67,590**
Amortisation and write-downs b/fwd	3,116	13,651	1,508	18,275
Sales		-50		-50
Changes in scope of consolidation		157		157
Amortisation		1,613	294	1,907
Write-downs	2,769			2,769
Reversals				
Currency translation adjustments		11	38	49
Transfers and other activity	-391			-391
Amortisation and write-downs c/fwd	**5,494**	**15,382**	**1,840**	**22,716**
Net book value b/fwd	**10,550**	**12,061**	**2,111**	**24,722**
Net book value c/fwd	**31,462**	**12,435**	**977**	**44,874**

At 31 December 2013 (€000)	Goodwill	Concessions, patents, licences and similar rights	Other	Total
Gross value b/fwd	13,676	27,543	1,606	42,825
Purchases		484	1,914	2,398
Sales		-281	-5	-286
Changes in scope of consolidation				
Currency translation adjustments		-12	-33	-45
Transfers and other activity	-10	-1,992	107	-1,895
Gross value c/fwd	**13,666**	**25,742**	**3,589**	**42,997**
Amortisation and write-downs b/fwd	3,056	12,353	1,461	16,870
Sales		-281	-5	-286
Changes in scope of consolidation				
Depreciation		1,590	135	1,725
Write-downs	70			70
Reversals			-61	-61
Currency translation adjustments		-11	-22	-33
Transfers and other activity	-10			-10
Amortisation and write-downs c/fwd	**3,116**	**13,651**	**1,508**	**18,275**
Net book value b/fwd	**10,620**	**15,190**	**145**	**25,955**
Net book value c/fwd	**10,550**	**12,061**	**2,111**	**24,722**

2.1.5 Property, plant and equipment

At 31 December 2014 (€000)	Land and buildings	Plant and equipment	Other PP&E	Advances and PP&E in progress	Total
Gross value b/fwd	132,680	399,228	30,306	6,383	568,597
Purchases	1,919	7,626	2,258	4,284	16,087
Sales	-713	-3,253	-2,445		-6,411
Changes in scope of consolidation	857	6,787	3,116	7,615	18,375
Currency translation adjustments	658	1,005	132	27	1,822
Transfers and other activity	10,040	2,964	96	-13,219	-119
Gross value c/fwd	**145,441**	**414,357**	**33,463**	**5,090**	**598,351**
Depreciation and write-downs b/fwd	72,590	258,293	25,046	0	355,929
Sales	-557	-2,981	-2,380		-5,918
Changes in scope of consolidation	13	4,217	2,622		6,852
Depreciation	4,357	18,521	1,986		24,864
Write-downs					
Reversals					
Currency translation adjustments	265	847	116		1,228
Transfers and other activity					
Depreciation and write-downs c/fwd	**76,668**	**278,897**	**27,390**	**0**	**382,955**
Net book value b/fwd	**60,090**	**140,935**	**5,260**	**6,383**	**212,668**
Net book value c/fwd	**68,773**	**135,460**	**6,073**	**5,090**	**215,396**

At 31 December 2013 (€000)	Land and buildings	Plant and equipment	Other PP&E	Advances and PP&E in progress	Total
Gross value b/fwd	127,958	387,021	29,853	5,324	550,156
Purchases	4,404	13,217	1,464	5,161	24,246
Sales	-226	-3,659	-929		-4,814
Changes in scope of consolidation					
Currency translation adjustments	-208	-310	-106	-8	-632
Transfers and other activity	752	2,959	24	-4,094	-359
Gross value c/fwd	**132,680**	**399,228**	**30,306**	**6,383**	**568,597**
Depreciation and write-downs b/fwd	68,788	243,858	24,376	0	337,022
Sales	-183	-2,919	-910		-4,012
Changes in scope of consolidation					
Depreciation	4,064	17,761	1,715		23,540
Write-downs					
Reversals			-53		-53
Currency translation adjustments	-79	-266	-82		-427
Transfers and other activity		-141			-141
Depreciation and write-downs c/fwd	**72,590**	**258,293**	**25,046**	**0**	**355,929**
Net book value b/fwd	**59,170**	**143,163**	**5,477**	**5,324**	**213,134**
Net book value c/fwd	**60,090**	**140,935**	**5,260**	**6,383**	**212,668**

2.1.6 Financial assets

At 31 December 2014 (€000)	Unconsolidated equity interests	Intercompany receivables	Loans	Other receivables	Total
Gross value b/fwd	1,840	0	883	1,349	4,072
Purchases	22		60	2,505	2,587
Sales	-1				-1
Changes in scope of consolidation				112	112
Currency translation adjustments				6	6
Transfers and other activity			-67	-167	-234
Gross value c/fwd	**1,861**	**0**	**876**	**3,805**	**6,542**
Write-downs b/fwd	1,177	0	0	24	1,201
Purchases/Sales					
Changes in scope of consolidation					
Write-downs	105				105
Reversals				-22	-22
Currency translation adjustments					
Transfers and other activity					
Write-downs c/fwd	**1,282**	**0**	**0**	**2**	**1,284**
Net book value b/fwd	**663**	**0**	**883**	**1,325**	**2,871**
Net book value c/fwd	**579**	**0**	**876**	**3,803**	**5,258**

At 31 December 2013 (€000)	Unconsolidated equity interests	Intercompany receivables	Loans	Other receivables	Total
Gross value b/fwd	1,840	0	842	1,795	4,477
Purchases			81	21	102
Sales				-2	-2
Changes in scope of consolidation					
Currency translation adjustments				-40	-40
Transfers and other activity			-40	-425	-465
Gross value c/fwd	**1,840**	**0**	**883**	**1,349**	**4,072**
Write-downs b/fwd	1,092	0	0	26	1,118
Purchases/Sales					
Changes in scope of consolidation					
Write-downs	85				85
Reversals				-2	-2
Currency translation adjustments					
Transfers and other activity					
Write-downs c/fwd	**1,177**	**0**	**0**	**24**	**1,201**
Net book value b/fwd	**748**	**0**	**842**	**1,769**	**3,359**
Net book value c/fwd	**663**	**0**	**883**	**1,325**	**2,871**

Other receivables consist mainly of deposits and bonds totalling €3,175,000 at 31 December 2014, compared to €810,000 at 31 December 2013.

2.1.7 Table of maturities of other financial assets

At 31 December 2014 (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans receivable	84	127	665	876
Other non-current financial assets	1,392	1,000	1,413	3,805
Financial assets and receivables	**1,476**	**1,127**	**2,078**	**4,681**

At 31 December 2013 (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans receivable	78	160	645	883
Other non-current financial assets	391		958	1,349
Financial assets and receivables	**469**	**160**	**1,603**	**2,232**

2.2 Current assets

2.2.1 Inventories by type

At 31 December 2014 (€000)	Raw materials	In progress	Intermediate and finished goods	Total
Gross value b/fwd	58,104	17,307	99,895	175,306
Change	-2,081	1,019	-2,749	-3,811
Gross value c/fwd	**56,023**	**18,326**	**97,146**	**171,495**
Write-downs b/fwd	5,003	816	5,255	11,074
Additions	4,746	973	4,766	10,485
Reversals	-4,870	-773	-5,059	-10,702
Currency translation adjustments and other activity	2		3	5
Write-downs c/fwd	**4,881**	**1,016**	**4,965**	**10,862**
Net book value b/fwd	**53,101**	**16,491**	**94,640**	**164,232**
Net book value c/fwd	**51,142**	**17,310**	**92,181**	**160,633**

At 31 December 2013 (€000)	Raw materials	In progress	Intermediate and finished goods	Total
Gross value b/fwd	55,599	16,916	105,350	177,865
Change	2,505	391	-5,455	-2,559
Gross value c/fwd	**58,104**	**17,307**	**99,895**	**175,306**
Write-downs b/fwd	4,767	667	5,370	10,804
Additions	4,858	763	4,846	10,467
Reversals	-4,620	-614	-4,951	-10,185
Currency translation adjustments and other activity	-2		-10	-12
Write-downs c/fwd	**5,003**	**816**	**5,255**	**11,074**
Net book value b/fwd	**50,832**	**16,249**	**99,980**	**167,061**
Net book value c/fwd	**53,101**	**16,491**	**94,640**	**164,232**

2.2.2 Write-down of other current assets

€000	Write-downs b/fwd	Additions	Reversals	Other changes	Write-downs c/fwd
Trade receivables	3,312	901	-1,025	6	3,194
Other receivables	177				177
Total	**3,489**	**901**	**-1,025**	**6**	**3,371**

Statement of maturities of trade and other receivables

€000	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and similar receivables	91,114	1,065		92,179
Taxes and social security contributions receivable	11,098			11,098
Debit current accounts	175			175
Other receivables	2,708			2,708
	105,095	**1,065**		**106,160**
Impairment				-3,371
Financial assets				**102,789**

Prepaid expenses	2,328
Trade and other receivables presented in the balance sheet	**105,117**

2.2.3 Cash and cash equivalents

Marketable securities are assets valued at fair value through profit or loss. The book value of €40,510,000 is their market value at 31 December 2014. The book value is equal to the fair value.

2.3 Shareholders' equity

The capital of the parent company consists of 1,131,480 shares with a par value of 4 euros each, totalling €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 share 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 -€1,096,000 (decrease in net deferred tax liability).

Income statement:
- The change in deferred taxes recorded in net income was -€502,000 (deferred tax revenue).
- The change in deferred taxes recorded in comprehensive income was -€485,000 due to restatement of actuarial gains and losses associated with IAS 19R.

The tax calculation is presented in paragraph 2.11.

Statement of changes in deferred tax

€000	Closing balance	Opening balance	Change
Deferred tax assets	1,003	577	426
Deferred tax liabilities	29,120	29,790	-670
Net deferred tax	**28,117**	**29,213**	**-1,096**

2.5 Provisions

Provisions break down as follows:

€000	Provisions b/fwd	Additions	Reversals	Provisions not used	Other changes	Provisions c/fwd
Provisions for pensions and similar obligations	17,613	1,478	-1,021	-132	1,518	19,456
Other non-current provisions	0					0
Non-current provisions	**17,613**	**1,478**	**-1,021**	**-132**	**1,518**	**19,456**
Provisions for contingent liabilities	3,080	1,703	-722	-67	40	4,034
Other provisions for charges	197	196	-183	-6	1	205
Current provisions	**3,277**	**1,899**	**-905**	**-73**	**41**	**4,239**

Other changes in provisions for pensions and similar obligations correspond to €1,455,000 of actuarial adjustments recorded under comprehensive income, amounting to €970,000 after tax.

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

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

- probability of retirement from the company, turnover, death;
- changes in salaries;
- discounting the amount obtained at the rate of 2.44%.

The amounts paid to insurance organisations are deducted from provisions.

Net change in the provision for pensions and similar obligations

€000	31/12/2014	31/12/2013
Liability b/fwd	**17,613**	**16,746**
Cost of services rendered	906	1,139
Financial expense	521	484
Changes for the year	-1,039	-1,553
→ *o/w new recruits*	*185*	*62*
→ *o/w departures during the year*	*-1,224*	*-1,615*
Liability excluding actuarial gains and losses	**18,001**	**16,816**
Actuarial gains and losses under comprehensive income	1,455	797
Liability c/fwd	**19,456**	**17,613**

The recorded liability includes €16,184,000 of obligations under the plan applicable to French companies and €3,272,000 under plans applicable to foreign companies.

2.6 Loans and borrowings with financial institutions

Statement of liquidity risk

€000	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans from financial institutions	1,384	9,869	20,474	31,727
Other borrowings	9,255	2,806	179	12,240
Bank loans and overdrafts	22,918			22,918
Subtotal	**33,557**	**12,675**	**20,653**	**66,885**
Current accounts with credit balances	10,000			10,000
Accrued interest	46			46
Total	**43,603**	**12,675**	**20,653**	**76,931**
Estimated interest to maturity (including the impact of hedging)				*4,776*

- Including current liabilities €43,603,000
- Including non-current liabilities €33,328,000

The short-term portion of other borrowings includes the put on minority interests of Photoweb for €7,060,000.

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

2.7 Issuance & financial instruments programmes

Commercial paper

Short-term needs are financed by commercial paper issued by Exacompta Clairefontaine. A fixed rate determined at the moment of issue is paid on the commercial paper, which has a maximum term of 365 days.
The amount recorded in the item "Current portion of interest-bearing debt" was €20 million at the closing date. The maximum amount of commercial paper that may be issued was €125 million at closing.

Lines of credit

Lines of credit are in place with several banks for a total amount of €127 million, with maturities not exceeding 4 years. The term of drawdowns ranges from one week to six months. As at year-end 2014, none of these had been used. As there have been no drawdowns, the 2013 financial statements have not been affected by the related covenants.
Long-term financing is arranged through negotiated loans.

Financial instruments

The Group uses derivatives products mainly to hedge against interest rate risks. Transactions performed to hedge exchange rate risks are non-material.
The fair value of the financial instruments is communicated by the financial institutions from which they are obtained.
The change in the fair value is recorded as a net financial expense of €267,000.

Interest rate risks

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

A change of 1 percent (100 basis points) in interest rates would have a €143,000 effect on income as at 31 December 2014.

Portfolio of financial instruments

Residual maturity (€000)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Interest rate swaps	4,057	15,059	4,733	23,849

The amounts shown in the table are current notional amounts.

2.8 Other current liabilities

€000	**31/12/2014**	**31/12/2013**
Advances and down payments received	1,044	501
Taxes and social security contributions payable	35,796	32,679
Suppliers - fixed assets	3,207	3,038
Other liabilities	9,625	10,861
Deferred income	534	379
Derivative financial instruments	591	324
Total	**50,797**	**47,782**

Derivative financial instruments are recorded at fair value.

2.9 Fair value of financial instruments

Accounting classes and fair value

The table below shows the fair value of financial assets and liabilities as well as their book value in the financial statements.

€000	**Note**	**Assets at acquisition cost**	**Valued at fair value through profit or loss**	**Loans and receivables**	**Total book value**	**Fair value**
Unconsolidated equity interests	**2.1.6**	579			579	579
Loans	**2.1.6**			876	876	761
Other receivables	**2.1.6**			3,803	3,803	3,803
Cash and cash equivalents	**Assets**		70,441		70,441	70,441
Trade and intercompany receivables	**2.2.2**			88,985	88,985	88,985
Total Assets		**579**	**70,441**	**93,664**	**164,684**	**164,569**

€000	Note	Fair value of derivatives	Other financial liabilities	Total book value	Fair value
Interest rate swaps	**2.8**	591		591	591
Loans from financial institutions	**2.6**		31,727	31,727	31,727
Other borrowings	**2.6**		12,240	12,240	12,240
Bank loans and overdrafts	**2.6**		22,918	22,918	22,918
Current accounts with credit balances	**2.6**		10,000	10,000	10,000
Amounts payable on fixed assets	**2.8**		3,207	3,207	3,207
Trade payables	**Liabilities**		53,591	53,591	53,591
Total Liabilities		**591**	**133,683**	**134,274**	**134,274**

Ranking of fair values

The table below shows the breakdown of financial instruments accounted for at fair value based on their valuation method. The levels are defined as follows:

- Level 1: fair value valued using (unadjusted) prices quoted on active markets for identical assets and liabilities.
- Level 2: fair value valued using observable data, other than the quoted prices included in level 1, for the asset or liability, either directly (in the form of prices) or indirectly (determined from the prices).
- Level 3: fair value valued using data not based on observable market data.

€000	Note	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	**Assets**	70,441	–	–
Liabilities				
Interest rate swaps	**2.8**	–	591	–

2.10 Off-balance sheet commitments

➢ Greenhouse gas emission allowances

The greenhouse gas emission allowance trading system is in its third phase, running from 2013 to 2020.

The principles applied by the Group are set forth in note 12 of the presentation of the consolidated financial statements.
There is no measurable emission allowance liability since the attributed allowances issued free of charge will be treated only in terms of volume.

The Order of 24 January 2014 establishing the list of operators who have been attributed greenhouse gas emission allowances and the total amount of allowances issued free of charge for the 2013-2020 period were published in the French government's official journal on 14 February 2014.
The quantities allowed for 2014 amount to 72,436 tonnes. The Group did not purchase any allowances on the market.

➢ Sureties and guarantees

Exacompta Clairefontaine:
- Jointly and severally guarantees payment to Exeltium of all liabilities in respect of purchases of blocks of electricity subscribed to by Papeteries de Clairefontaine.
- Guarantees two loans taken out by its subsidiary Lavigne from CIC Est. The outstanding capital at 31/12/2014 was €7,844,000.

2.11 Income tax – Calculation of tax

€000	**31/12/2014**	**31/12/2013**
Consolidated net income before goodwill impairment	11,911	4,278
Goodwill impairment	2,769	70
Income taxes	7,785	-178
Deferred taxes	-502	298
Consolidated tax base	21,963	4,468
Tax rate applicable to parent company	33.33%	33.33%
Theoretical tax charge	**7,321**	**1,489**
Tax assets not withheld on foreign companies	-306	214
Tax rate differences	-149	592
Tax adjustments	20	-1,414
Tax debits and credits	397	-761
Actual tax charge	**7,283**	**120**

Income taxes	7,785	-178
Deferred taxes	-502	298
Tax charge in the consolidated financial statements at closing	**7,283**	**120**

2.12 Group headcount and employee benefits

Photoweb had a headcount of 151 employees at 31 December 2014.
The Competitiveness and Employment tax credit (CICE) is recorded as a reduction in personnel expenses and came to €3,509,000 for the year.

Average headcount	31/12/2014	31/12/2013
Management	485	465
Employees	903	772
Labourers and other salaried workers	1,756	1,854
Total	**3,144**	**3,091**

Expenses recorded for defined contribution schemes (€000)	40,223	39,823

2.13 Financial income and expenses

€000	31/12/2014	31/12/2013
Equity interests and income from other financial assets	7	3
Income from other receivables and marketable securities	611	803
Other financial income	182	140
Financial instruments — change in fair value	6	344
Reversal of provisions and write-downs	22	2
Foreign exchange gains	2,116	825
Net gain on sale of marketable securities	46	19
Total financial income	**2,990**	**2,136**
Increase in provisions and write-downs	105	85
Interest and financial expenses	999	453
Financial instruments — change in fair value	273	—
Foreign exchange gains	942	1,876
Other financial expenses	217	346
Total financial expenses	**2,536**	**2,760**

2.14 Related parties

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

€000	31/12/2014	31/12/2013
Balance sheet		
Short-term portion of interest-bearing debt: loans current account	10,000	—
Income statement		
Financial expenses	74	—
Fees	1,138	1,135
Leases	5,863	5,734

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

- Remuneration of administrative and management bodies:

The total direct and indirect remuneration of all kinds received by all Group managers amounted to €1,761,000 in 2014, of which €1,283,000 was paid by Exacompta Clairefontaine Group, compared to €1,855,000 and €1,347,000 respectively in 2013.

No benefits are granted to Group managers apart from retirement commitments, which are calculated pursuant to the rules applicable to the entire workforce.

The total amount of director's fees shared among Directors totalled €60,000 in 2014, and was awarded by a decision of the 27 May 2014 Shareholders' Meeting.

2.15 Statutory auditors' fees

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

€000	**31/12/2014**	**31/12/2013**
Fees invoiced for statutory auditing of the financial statements	725	694
Fees invoiced for related consultancy and other services	–	–

3. <u>SEGMENT INFORMATION</u>

Correspondence with the consolidated balance sheet:

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

Segment information by business – 31/12/2014

€000	Paper	Processing	Intersegment transactions	Total
Segment income statement				
Revenues	249,535	418,677	-117,240	550,972
Depreciation/amortisation (net of reversals)	11,519	15,258	-6	26,771
Write-downs and provisions	435	471		906
Operating profit/(loss) (excl. goodwill)	10,937	10,591	-19	21,509
Goodwill impairment		2,769		2,769
Segment assets				
Net PP&E and intangible assets	107,880	120,928		228,808
o/w investments	*5,385*	*11,882*		*17,267*
Goodwill		31,462		31,462
Trade receivables	33,730	77,406	-22,151	88,985
Other receivables	3,947	12,314	-129	16,132
Balance sheet total	*37,677*	*89,720*	*-22,280*	*105,117*
Other assets allocated	54,024	110,848	-2,112	162,760
Unallocated assets				*3,698*
Total assets	199,581	352,958	-24,392	531,845
Segment liabilities				
Current provisions	1,711	2,528		4,239
Trade payables	21,583	54,167	-22,159	53,591
Other payables	15,889	35,039	-131	50,797
Unallocated liabilities				*234*
Total liabilities	39,183	91,734	-22,290	108,861

Segment information by region – 31/12/2014

€000	France	Europe	Outside Europe	Total
Revenues	379,770	146,056	25,146	550,972
Net PP&E and intangible assets	211,443	9,425	7,940	228,808
o/w investments	*14,939*	*1,744*	*584*	*17,267*
Goodwill	31,462			31,462
Trade receivables	73,085	14,143	1,757	88,985
Other receivables	13,170	618	2,344	16,132
Balance sheet total	*86,255*	*14,761*	*4,101*	*105,117*
Other assets allocated	149,820	6,431	6,509	162,760
Unallocated assets				*3,698*
Total assets	478,980	30,617	18,550	531,845

➢ Segment information by business – 31/12/2013

€000	Paper	Processing	Intersegment transactions	Total
Segment income statement				
Revenues	250,863	393,080	-119,308	524,635
Depreciation/amortisation (net of reversals)	11,788	13,373	-10	25,151
Write-downs and provisions	263	-197		66
Operating profit/(loss) (excl. goodwill)	3,181	1,913	-2	5,092
Goodwill impairment		70		70
Segment assets				
Net PP&E and intangible assets	114,277	112,563		226,840
o/w investments	*15,062*	*11,582*		*26,644*
Goodwill		10,550		10,550
Trade receivables	35,694	75,964	-21,695	89,963
Other receivables	4,215	11,719	-582	15,352
Balance sheet total	*39,909*	*87,683*	*-22,277*	*105,315*
Other assets allocated	53,699	114,561	-2,087	166,173
Unallocated assets				*3,586*
Total assets	207,885	325,357	-24,364	512,464
Segment liabilities				
Current provisions	1,545	1,732		3,277
Trade payables	20,617	48,099	-21,692	47,024
Other payables	17,404	30,964	-586	47,782
Unallocated liabilities				*0*
Total liabilities	39,566	80,795	-22,278	98,083

➢ Segment information by region – 31/12/2013

€000	France	Europe	Outside Europe	Total
Revenues	339,964	158,481	26,190	524,635
Net PP&E and intangible assets	209,972	8,955	7,913	226,840
o/w investments	*22,043*	*2,229*	*2,372*	*26,644*
Goodwill	10,550			10,550
Trade receivables	73,182	14,699	2,082	89,963
Other receivables	12,315	590	2,447	15,352
Balance sheet total	*85,497*	*15,289*	*4,529*	*105,315*
Other assets allocated	151,895	7,829	6,449	166,173
Unallocated assets				*3,586*
Total assets	457,914	32,073	18,891	512,464

Exacompta Clairefontaine S.A.

Report of the Statutory Auditors
on the consolidated financial statements

❖ ❖
❖

Resolutions submitted to the Ordinary Shareholders' Meeting

SEREC AUDIT
Statutory Auditor

Member of the Paris Institute of Statutory Auditors
70 bis rue Mademoiselle
75015 PARIS

BATT AUDIT
Statutory Auditor

Member of the 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

Year ended 31 December 2014

EXACOMPTA CLAIREFONTAINE
A French limited company (*société anonyme*)

88480 ETIVAL CLAIREFONTAINE

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2014

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we hereby present our report on the year ended 31 December 2014, concerning:

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

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

1 - <u>Opinion on the consolidated financial statements</u>

We performed our audit in accordance with the professional standards applicable in France. These standards require the performance of an audit to obtain reasonable assurance that the consolidated financial statements for the year are free from material misstatements. 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 hereby certify that the consolidated financial statements are, with regard to the IFRS adopted within the European Union, in order and accurate and fairly present the assets and liabilities, financial position and earnings of the persons and entities included in the consolidation.

2 - Bases of assessments

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

Goodwill and trademarks are monitored and, where applicable, written down, according to the procedures set forth in Note 8 hereto. Using the information provided to us, we assessed the data and assumptions used regarding goodwill and checked to ensure that Note 8 provides 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.

3 - Specific verifications

In accordance with the professional standards applicable in France, we also performed the specific verifications required by law relating to information on the Group contained in the management report.

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

Executed in Paris and Vandœuvre-lès-Nancy, 24 April 2015

The Statutory Auditors

SEREC AUDIT	BATT AUDIT
Dominique GAYNO	Jehanne GARRAIT

RESOLUTIONS SUBMITTED

TO THE ORDINARY SHAREHOLDERS' MEETING OF 27 MAY 2015

FIRST RESOLUTION

That, following a reading by the Board of Directors and the Statutory Auditors of their respective reports, the Meeting approve these reports in their entirety, as well as the operations described therein, and the parent company financial statements for the year ended 31 December 2014.

SECOND RESOLUTION

That, following a reading by the Board of Directors and the Statutory Auditors of their respective reports, the Meeting approve these reports in their entirety, as well as the operations described therein, and the consolidated financial statements for the year ended 31 December 2014.

THIRD RESOLUTION

That, at the recommendation of the Board of Directors, the Shareholders' Meeting resolve to distribute and appropriate earnings for the year as follows:

2014 loss .... -€1,718,088.07

We propose the following appropriation:
Deduction from other reserves......................... -€ 1,718,088.07

We propose the payment of a €1,301,202 dividend from other reserves.

Given that the company's share capital is divided into 1,131,480 shares, each of these shares will receive a total dividend of €1.15.
The following table shows the dividends paid for the last three years:

Year	Dividend	Number of shares
2011	1.00	1,131,480
2012	0.50	1,131,480
2013	0.50	1,131,480

FOURTH RESOLUTION

That, following a reading of the Statutory Auditors' special report, the Shareholders' Meeting formally note the absence in 2014 of any operations related to Article L.225-38 of the French Commercial Code.

FIFTH RESOLUTION

That the Shareholders' Meeting give a full discharge to the Directors for their management during the past year and resolve in favour of the Board of Directors' recommendation to set the total directors' fees to be distributed between the company Directors at €60,000 for the current year and subsequent years.

SIXTH RESOLUTION

That the Shareholders' Meeting resolve in favour of the Board of Directors' recommendation to renew the appointment as director of Jean-Claude Gilles Nusse, residing at 105 rue de Lille, 75007 Paris.
This appointment, which is valid for six years, will terminate at the close of the Shareholders' Meeting called to approve the financial statements for fiscal year 2020.

Exacompta Clairefontaine S.A.

EXTRAORDINARY SHAREHOLDERS' MEETING

Agenda: Amendment to the Articles of Association

- Report of the Board of Directors
- Resolution submitted to the Extraordinary Shareholders' Meeting

REPORT OF THE BOARD OF DIRECTORS

TO THE EXTRAORDINARY SHAREHOLDERS' MEETING OF 27 MAY 2015

To the Shareholders,

We have convened this Extraordinary Shareholders' Meeting to request that you take a decision on various amendments to the Articles of Association.

Provisions relating to the administration of the company (Article 10)

- The minimum number of members of the Board of Directors is increased from 3 to 4. Each Director is required to own at least thirty shares.
- If the number of Board members is lower than the required legal minimum, the remaining Board member(s) shall immediately convene an Ordinary Shareholders' Meeting with a view to appointing the required number of members. The Articles of Association currently state that there shall be no fewer than three Board members.
- Increase in the age limit. The current composition of the Board of Directors leads to the proposal submitted to you to increase the age limit to 90 years for the position of Chairman of the Board of Directors. The age limit for the position of Board member remains unchanged at 80 years, which is assessed on the basis of one-third of Board members in office.
- Video-conference meetings. The new provisions introduce the possibility of establishing an internal procedure, which may set out that Board members who participate in the meeting via video-conferencing or telecommunications facilities, whereby they can be identified and their effective participation ensured, shall be deemed present for the purposes of calculating the quorum and majority. This possibility is expressly ruled out under the current provisions.

Agreements (Article 13)

The Board proposes that you harmonise the new provisions on agreements between the Company and a Manager, Board member or Shareholder as it arises from Order No. 2014-863 of 31 July 2014.
The main provision is not to subject to the prior authorisation of the Board of Directors agreements entered into between two companies, one of which holds, directly or indirectly, the entire capital of the other.

Other amendments

The other amendments to the Articles of Association relate to Articles 15, 17, 19 and 26.
They are included in the resolution submitted for your approval.

The Board of Directors recommends that you adopt this resolution.

RESOLUTION SUBMITTED

TO THE EXTRAORDINARY SHAREHOLDERS' MEETING OF 27 MAY 2015

SOLE RESOLUTION

The Extraordinary Shareholders' Meeting decides to amend the Articles of Association as follows:

ARTICLE 10 - ADMINISTRATION OF THE COMPANY

10.1. *[New wording]*

The company shall be administered by a Board made up of at least four (4) members.

Each Director shall be required to own at least thirty (30) shares.

10.3. *[Second sentence of this sole paragraph]*

If the number of Board members is lower than the required legal minimum, the remaining Board member(s) shall immediately convene an Ordinary Shareholders' Meeting with a view to appointing the required number of members.

10.4. *[Third sentence of the first paragraph]*

The Chairman of the Board shall not have reached the age of 90.

10.5. *[The second paragraph is replaced by the following paragraphs]*

The Board's decisions shall be valid only if at least half of its members are present.

The internal procedure, if it is established, may set out that Board members who participate in the meeting by video-conferencing or telecommunications facilities, whereby they can be identified and their effective participation ensured, shall be deemed present for the purposes of calculating the quorum and majority.

ARTICLE 13 - AGREEMENTS BETWEEN THE COMPANY AND A MANAGER, BOARD MEMBER OR SHAREHOLDER *[New wording]*

Any agreement entered into between the Company and its Managing Director, one of its Executive Vice Presidents, one of its Board Members, one of its shareholders having a share of voting rights in excess of 10% or, in the case of a shareholder company, the company that controls it within the meaning of Article L. 233-3 of the French Commercial Code, shall be subject to the procedure of authorisation, verification and approval set out in Articles L. 225-38 et seq. of the French Commercial Code. The same applies to agreements in respect of which one of these persons is indirectly concerned or in which the latter deals with the Company through an intermediary. Agreements entered into between the Company and another company shall also be subject to this procedure, if the Managing Director, one of its Executive Vice Presidents or one of its Board members is the owner, shareholder with unlimited liability, manager, Board member, member of the Supervisory Board or, generally, executive of that other company.

The preceding provisions shall not be applicable to (i) agreements relating to regular daily operations and concluded under normal terms and conditions, (ii) agreements entered into between the Company and another company of which one holds, directly or indirectly, the entire capital of the other, where applicable after deduction of the minimum number of shares required to meet the requirements of Article 1832 of the French Civil Code or Articles L. 225-1 and L. 226-1 of the French Commercial Code.

Under penalty of the agreement being declared null and void, Directors other than legal entities are prohibited from contracting loans in any form whatsoever from the company, having the Company grant them a current account overdraft or otherwise, as well as having the company guarantee or stand surety for their commitments towards third parties. The same prohibition applies to the Managing Director, Executive Vice Presidents and permanent representatives of legal entities that are members of the Board of Directors. It shall also apply to spouses, ancestors and descendants of the above-mentioned persons, as well as any intermediary.

ARTICLE 15- SHAREHOLDERS' MEETINGS

15.1. *[New wording]*

Meetings of shareholders shall be classified as ordinary, extraordinary or special meetings. Extraordinary meetings shall be those called to deliberate on any amendments to the Articles of Association or any decisions reserved for them under the applicable laws and regulations. All other meetings shall be ordinary meetings.

Special meetings shall bring together holders of a given category of shares to decide on changes to the rights attached to shares of this category.

ARTICLE 17- VOTE - EFFECTIVENESS OF DELIBERATIONS

17.1. *[First paragraph]*

The voting rights attached to capital shares or dividend shares shall be proportional to the percentage of the capital that they represent and each share shall give entitlement to at least one vote, subject to double voting rights which may be attached to certain shares in accordance with the conditions set out in Article 8.3.2.

ARTICLE 19- EXTRAORDINARY SHAREHOLDERS' MEETINGS

19.1. *[New wording]*

Only the Extraordinary Shareholders' Meeting shall be authorised to amend any provisions of the Articles of Association, except in cases where the law provides otherwise. It shall not however be authorised to increase shareholders' commitments, except in cases of a reverse split duly carried out or for trading odd lots in the event of operations such as increases or decreases in the share capital. Nor shall it change the company's nationality, unless the host country has entered into a special agreement with France allowing dual nationality and the transfer of the registered office to its territory, and whereby the company maintains its legal personality.

19.3. *[New wording]*

Where the meeting deliberates on the approval of a contribution in kind or the grant of a particular benefit, the quorum and majority shall only be calculated after deduction of the shares of the contributor or the beneficiary which shall not have any voting rights either on their own behalf or as proxy-holders.

ARTICLE 26 – LIQUIDATION *[Second paragraph]*

Winding up shall cause the terms of office of Board members to terminate. It shall not cause the term of office of Statutory Auditors to terminate.

NOTES