EXACOMPTA CLAIREFONTAINE

ORDINARY SHAREHOLDERS' MEETING

EXTRAORDINARY SHAREHOLDERS' MEETING

OF 29 MAY 2013

FISCAL YEAR 2012

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)
Joint Managing Director, Exaclair GmbH (DE)

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

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

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

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

Jérôme Nusse
Chairman, Editions Quo Vadis

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

Statutory Auditors

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

SEREC AUDIT, 75015 Paris, France
Benoît Grenier

Contents: page

Agenda: Ordinary Shareholders' Meeting	4
Certification of the annual report	4
Report of the Board to the Ordinary Shareholders' Meeting	5
Group Organisational Chart	13
Report of the Chairman of the Board of Directors on the operations of the Board and internal control	14
Exacompta Clairefontaine – Parent company financial statements	20
Report of the Statutory Auditors on the annual financial statements	34
Special report of the Statutory Auditors on regulated agreements and commitments	37
Report of the Statutory Auditors on the report of the Chairman on the operations of the Board and internal control	40
Exacompta Clairefontaine Group – Consolidated financial statements	44
Report of the Statutory Auditors on the consolidated financial statements	80
Resolutions submitted to the Ordinary Shareholders' Meeting	83
Agenda: Extraordinary Shareholders' Meeting	85

ORDINARY SHAREHOLDERS' MEETING

Agenda:

- Report of the Board of Directors on operations and the parent company financial statements for fiscal year 2012;
- Report of the Board of Directors on operations and the consolidated financial statements for fiscal year 2012;
- 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 2012;
- Approval of the consolidated financial statements for the year ended 31 December 2012;
- 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, financial position and results 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, results 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-Olivier Roussat
Executive Vice President

REPORT OF THE BOARD OF DIRECTORS

TO THE ORDINARY SHAREHOLDERS' MEETING

OF 29 MAY 2013

To the Shareholders,

1. REVIEW AND APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS

(€000)	**2012**	**2011**
Operating revenue	9,040	8,845
Operating profit	-181	105
Net financial items	1,739	2,119
Net income	2,406	4,080

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

The amount of non-tax deductible expenses was €8,168.

INCOME FOR THE LAST FIVE YEARS (€)

Balance sheet date Duration of the reporting period (in months)	31/12/2012 12	31/12/2011 12	31/12/2010 12	31/12/2009 12	31/12/2008 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	2,132,810	2,074,928	2,126,168	2,075,703	2,020,024
Income before taxes, profit-sharing, depreciation, amortisation and provisions	2,497,325	2,961,870	4,157,908	14,346,176	3,119,125
Income taxes	(922,893)	(1,996,455)	(174,881)	(2,406,456)	(4,016,659)
Net depreciation, amortisation and provisions	1,014,212	878,582	1,071,636	917,296	250,814
Net income	2,406,006	4,079,743	3,261,153	15,835,336	6,884,970
Distributed income	565,740	1,131,480	1,131,480	2,036,664	2,036,664
EARNINGS PER SHARE					
Income after taxes and profit-sharing and before depreciation, amortisation and provisions	3	4	4	15	6
Income after taxes, profit-sharing, depreciation, amortisation and provisions	2	4	3	14	6
Dividend paid	*0.50	1	1	1.80	1.80
PERSONNEL					
Average number of employees	46	46	48	57	60
Payroll	3,811,684	3,853,255	3,900,675	4,237,840	4,629,187
Sums paid in employee benefits (social security and charitable organisations, etc.)	1,494,364	1,522,838	1,480,837	1,620,311	1,730,248

* Dividend proposed

SCHEDULE OF TRADE PAYABLES

Schedule in days					
	Total payables	**Payables due**	**Payables not yet due**		
31/12/2012			1 to 30 days	31 to 60 days	Over 60 days
Trade payables	671	5	547	119	–
Suppliers - fixed assets	8	–	–	8	–
Total	**679**	5	**547**	**127**	**–**
31/12/2011					
Trade payables	684	–	566	118	–
Suppliers - fixed assets	243	–	17	226	–
Total	**927**	–	**583**	**344**	**–**

SHARE AND SHAREHOLDER INFORMATION

The share was quoted at €63.30 on 4 January 2012 and closed the year at €46.20 (down 27%). The number of shares traded during the year was 18,669.

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 2012.
“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)	**2012**	**2011**
Income from continuing activities (Revenue)	525,742	545,447
Operating profit/(loss)	482	5,152
Net income before income tax	-267	4,114
Net income after income tax	-593	3,341
Minority interests	-1	-5
Group share	-592	3,346

2012 Group consolidated cash flow amounted to €26,748,000 and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) was €27,589,000, compared to €26,924,000 and €27,913,000 respectively in 2011.

2.2 PRINTING AND WRITING PAPERS

Over the past four years, the slowdown in the economy has had an impact on companies’ use of paper. Consumption of printing and office paper has slumped due to a sharp increase in electronic documents. In France, consumption has dropped by an average of 6% per year since 2008.
The price index for uncoated graphics paper has remained relatively stable, whereas paper pulp prices fell until mid-2012, when they began to rise again.

The decline in the Company's own sales and our decision to keep inventories low prompted us to temporarily halt production. In total, production fell 9% to 201,484 tons.

2.3 STATIONERY

For the same reasons, sales of office stationery have been declining over the past few years. More recently, new generation mobile phones and tablets have started to compete with personal stationery products.

Market indices (source: I + C Institute) show that the paper market remained relatively stable early in the year but then declined, resulting in an annual decrease of over 3% in manufacturer sales.

The resulting excess capacity has impacted our processing business and has driven our margins down. Nevertheless, we have managed to maintain sales volumes thanks to the reputation of our product ranges, quality and logistics systems.

2.4 FINANCIAL POSITION

2.4.1 Debt

At 31 December 2012, with revenue of €525,742,000, the Group's debt stood at €62,304,000 and shareholders' equity totalled €364,754,000.

In order to provide for growth, the Group has negotiated lines of credit with its banks. At 31 December 2012, the balance of these lines of credit was €20 million. The Group also issued commercial paper, which amounted to €35 million at year-end out of a global programme of €125 million.

The Group held €57,008,000 in cash. Group cash flow before changes in working capital was sufficient to fund capital expenditure. Group net borrowings amounted to €5,296,000 at 31 December 2012.

2.4.2 Financial instruments

The Group uses financial derivatives 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.

2.4.3 Management of financial risk

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

Credit risk

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

→ Trade receivables
Credit risk is spread over a large number of customers. The Group has set up tools to monitor outstanding amounts and the risk is limited by credit insurance policies. In the case of some of the Group's distributor customers, the premiums on these policies have recently been reduced by the specialised organisations.

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

Liquidity risk

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

Foreign exchange risk

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

2.5 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.

2.6 CORPORATE OFFICERS

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

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

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

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

Guillaume Nusse
Chairman, Clairefontaine Rhodia
Chairman, Décopatch
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Jean-Claude Gilles Nusse, Senior Vice President
Member of the Ets Charles Nusse Executive Board
Manager, AFA

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

Jérôme Nusse
Chairman, Editions Quo Vadis

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

3. PROPOSED RESOLUTIONS

3.1 3.1 APPROPRIATION OF EARNINGS

Earnings (€):

2012 earnings..	€2,406,006.21
Retained earnings	€577,936.86
	€2,983,943.07

We propose the following appropriation:

* First dividend	€226,296.00
* Second dividend	€339,444.00
Total dividends	€565,740.00
* Transfer to other reserves	€2,000,000.00
* Transfer to retained earnings	€418,203.07
TOTAL APPROPRIATED	€2,983,943.07

Given that share capital consists of 1,131,480 shares, each share would receive a total dividend of €0.50.

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

Year	Dividend	Number of shares
2009	1.80	1,131,480
2010	1.00	1,131,480
2011	1.00	1,131,480

3.2 DIRECTORS' FEES

Your Board proposes that you approve directors' fees in the amount of €60,000 to be paid to the directors of the company in 2013.

3.3 DIRECTORS

The Board proposes that you appoint Christine Nusse, residing at 375 Riverside Drive, New York, USA, as a director of the company. This appointment, which runs for six years, will expire following the Shareholders' Meeting called to approve the financial statements for fiscal year 2018.

4. POST-BALANCE SHEET EVENTS

No significant events occurred between 1 January and 26 March 2013.

5. RESEARCH AND DEVELOPMENT

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

6. SOCIAL AND ENVIRONMENTAL REPORT

As from 2012, the Group is required under Article L225-102-1 of the French Commercial Code to report how it "takes into account the social and environmental impact of its business and on its social commitments promoting sustainable development, non-discrimination and diversity."
This information, which is listed in French Decree No. 2012-557 of 24 April 2012, is included in a special document entitled "Social and Environmental Responsibility" that forms an integral part of this management report.

7. EMPLOYMENT INFORMATION

The Exacompta Clairefontaine Group had 3,137 employees at 31 December 2012, compared to 3,201 in 2011.

Group companies primarily apply the collective staff agreement for the production of papers, cardboard and cellulose, or the collective staff agreement for stationery articles.

The Group's Works Council, which met on 05 June 2012, commented on the activity and the economic and employment outlook for the year.

8. OUTLOOK

8.1 PAPER:

The February 2013 report published by the "Maison des industries des papiers et cartons", a new French paper industry confederation, recalled the troubled outlook facing the print media industry. The industry is expected to stagnate against the backdrop of a general economic slowdown (0.1% GDP growth).
Use of electronic documentation will increase and continue to impact office paper consumption.

Paper companies will continue to suffer from increasing competition due to falling demand and inadequate margins due to rising costs and downward pressure on sales prices.

At the start of 2013, raw material prices are being driven upwards by demand from the growing tissue paper industry, which uses the same pulp as we do, and by growth in emerging markets. On the other hand, sales prices are being driven down by a reduction in demand and excess capacity in the market.

8.2 TRANSFORMATION

Early 2013, sales to the stationery market's two main groups of customers are down nearly 3% (source UFIPA):

- The decrease in volumes from households and schools was more sharply felt by supermarkets, where sales during this period fell more steeply than those of specialised stationery stores.
- Purchases by business customers fell by varying degrees depending on the distribution channel, with mail order sales registering the steepest decline.

It is difficult to see this trend reversing in the current economic climate.

However, the Office, School, Crafts and Fine Arts division should manage to hold its head above water, buoyed by the quality and diversity of its products.

Our subsidiaries that manufacture filing articles, calendars and diaries continue to develop specialised products in order to maintain their market positioning. The filing articles market is expected to remain highly competitive.

ORGANIGRAMME DU GROUPE

EXACOMPTA CLAIREFONTAINE

- **EXACOMPTA** – *Paris (75)* – *Articles de bureau et classement*
  - **ROLFAX** – *Breteuil (60)* – *Bobinettes*
  - **MANUCLASS** – *Ségré (49)* – *Articles de classement*
  - **COGIR** – *Château Renault (37)* – *Blocs, liasses, manifolds*
  - **FACIMPRIM** – *Paris (75)* – *Registres et imprimés administratifs*
  - **CARTOREL** – *Niort (79)* – *Articles de classement*
  - **CLAIRCELL** – *Brou (28)* – *Articles de bureau et classement*
  - **CLAIRCELL INGENIERIE** – *Brou (28)* – *Ingénierie*
  - **REGISTRES LE DAUPHIN** – *Voiron (38)* – *Façonnage, registres, manifolds*
    - **ERNST STADELMANN** – *Eferding (Autriche)* – *Articles de classement*
  - **BRAUSE PRODUKTION** – *Iserlohn (Allemagne)* – *Articles de classement*
  - **EXACLAIR** – *King's Lynn - Norfolk (UK)* – *Articles de bureau et classement*
  - **PAPETERIES SILL**
- **CLAIREFONTAINE RHODIA** – *Ottmarsheim (68)* – *Papeterie scolaire, bureau, beaux arts, loisirs créatifs*
  - **CFR Ile Napoléon** – *Ottmarsheim (68)* – *Cahiers, blocs, et pochettes dessin*
  - **DECOPATCH** – *Genas (69)* – *Loisirs créatifs et décoration*
  - **MAKANE BOUSKOURA** – *Casablanca (Maroc)* – *Holding*
    - **PUBLIDAY MULTIDIA** – *Casablanca (Maroc)* – *Imprimerie et façonnage*
  - **PAPETERIES SILL**
- **PAPETERIES DE CLAIREFONTAINE** – *Etival-Clairefontaine (88)* – *Production de papiers, ramettes, formats, bobines… cahiers, copies, enveloppes*
  - **PAPETERIE DE MANDEURE** – *Mandeure (25)* – *Production de papiers forts*
  - **EVERBAL** – *Evergnicourt (02)* – *Production de papiers recyclés*
  - **PAPIERFABRIEK SCHUT BV** – *Heelsum (Pays-Bas)* – *Production de papiers pour artistes*
  - **PAPETERIES SILL** – *Wizernes (62)* – *Façonnage de cahiers et copies ventes aux grandes surfaces*
- **A.F.A.** – *Paris (75)* – *Agendas et calendriers*
  - **G. LALO** – *Paris (75)* – *Papiers à lettres de luxe*
  - **A.B.L** – *Paris (75)* – *Blocs, agendas et calendriers*
  - **EDITIONS QUO VADIS** – *Carquefou (44)* – *Agendas et calendriers*
    - **IMPRIMERIE RAYNARD** – *La Guerche de Bretagne (35)* – *Calendriers*
  - **L'AGENDA MODERNE** – *Paris (75)* – *Agendas*
  - **LAVIGNE** – *Issy-les-Moulineaux (92)* – *Calendriers et Almanachs*
  - **PAPETERIES SILL**

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

To the Shareholders,

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

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

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

The Board has nine members, whose terms of office expire at the end of the year stated in brackets:

Messrs François Nusse (2013)

Jean-Claude Gilles Nusse (2014)

Jean-Marie Nusse (2016)

Guillaume Nusse (2015)

Jérôme Nusse (2015)

Frédéric Nusse (2015)

Charles Nusse (2017)

Dominique Daridan (2016)

Ets Charles Nusse, represented by Monique Prissard (2015)

The Chairman and Chief Executive Officer, who is the Chairman of the holding company Ets Charles Nusse and of SAS Exacompta and its subsidiaries, is backed by two Senior Vice Presidents (both directors) and one non-director Executive Vice President. The Board has placed no limitations on the powers of the Chairman and Chief Executive Officer or on those of the other senior executives. 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 2012.
The 29 March Board meeting approved the financial statements for the previous year and prepared the Shareholders' Meeting. The 31 August meeting reviewed the interim 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 opportunities. Under these circumstances, decisions are made by consensus, even if this procedure is not explicitly provided for in the Articles of Association. The same applies to decisions on major industrial capital expenditure. 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 the Senior Vice Presidents.
To allow Board members to make the necessary preparations for meetings, the Chairman provides them with all necessary information or documents prior to the meeting.

At the Board meetings to draw up 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
- → investments
- → outlook and risks

The directors review the consolidated financial statements of the Group and the consolidated statements of the sub-groups. These consolidated statements contain a number of analyses:

- → changes in shareholders' equity;
- → contribution to consolidated 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' General 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 are exercised by the owner of the pledged shares. If the ownership of a share is divided, said share belongs to the beneficial owner at Ordinary Shareholders' Meetings and to the legal owner at Extraordinary Shareholders' Meetings."

Exacompta Clairefontaine S.A.

Parent Company Financial Statements for the year ended
31 December 2012

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

Excerpt from the Articles of Association (Article 15.2): “Shareholders’ Meetings are held at the registered office or any other location indicated in the notification, pursuant to the procedures and deadlines set forth in the regulatory provisions”.

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

3. Corporate Governance

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

Remuneration of the corporate officers:
The recommendation of the Autorité des marchés financiers (AMF – French Financial Markets Authority) regarding remuneration of the corporate officers is not applied within the Exacompta Clairefontaine Group. Neither does the Group offer any stock options, performance-related shares or supplementary pension schemes.
The remuneration and benefits of all kinds granted to the corporate officers are set on the basis of the following principles:

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

Directors' fees:
The remuneration granted to the members of the Board of Directors by way of directors’ fees totalled €60,000 in 2012. This was approved by a decision of the 24 May 2012 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, as good as it may be, can provide only reasonable assurance and not an absolute guarantee as to the achievement of the company's objectives, both because of the limits inherent in any process implemented by human beings and because of the limits on resources which all companies must take into account.
The Group relies on four types of information to guide its operations:

- → the annual parent company and consolidated financial statements;
- → the consolidated half-yearly financial statements;
- → the quarterly financial statements (not published);
- → 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 short- and medium-term financial commitments of the subsidiaries, with transmission and control of working capital requirements.

The internal control of financial instruments is specifically monitored by 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
→ PEFC and FSC 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 delegates or agents, with the general goal of complying or ensuring compliance with the laws, regulations and standards in force, and of making every effort to prevent the occurrence of losses that could affect the Group's ability to continue operations.

☞ The Group uses the following accounting software or applications:

→ ETAFI (tax management)
→ REFLEX (consolidation)
→ IWS (intercompany reconciliations)
→ SAP, MOVEX, 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

BALANCE SHEET AND INCOME STATEMENT

ASSETS (€000)	31/12/2012	31/12/2011
Intangible assets		
Concessions, patents, licenses, trademarks	27	47
Intangible assets in progress		61
Property, plant and equipment		
Land	3,602	3,602
Buildings	10,775	11,577
Other PP&E	45	36
Property, plant and equipment in progress	53	4
Non-current financial assets		
Equity interests	299,240	299,240
Other non-current securities		
Loans	13,931	20,705
Other financial assets	4	4
TOTAL NON-CURRENT ASSETS	**327,677**	**335,276**
Inventories	198	198
Advances and progress payments made on orders	58	50
Receivables		
Trade and intercompany receivables	2,121	2,248
Other receivables	83,239	84,010
Prepaid expenses	115	141
Cash and cash equivalents	1,107	96
TOTAL CURRENT ASSETS	**86,838**	**86,743**
Currency translation adjustment		210
TOTAL ASSETS	**414,515**	**422,229**

LIABILITIES AND SHAREHOLDERS' EQUITY (€000)	31/12/2012	31/12/2011
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	160,219	157,219
Retained earnings	578	630
Profit or (loss) for the year	**2,406**	**4,080**
Regulated provisions	2,632	2,446
SHAREHOLDERS' EQUITY	**333,865**	**332,405**
Provisions		
For contingent liabilities		
For charges	233	280
TOTAL PROVISIONS	**233**	**280**
Financial debt		
Loans and debt with financial institutions	55,313	47,078
Operating payables		
Trade payables	733	703
Taxes and social security contributions payable	1,541	1,090
Other liabilities	22,690	40,284
Deferred income	138	160
TOTAL PAYABLES	**80,415**	**89,315**
Currency translation adjustment	2	229
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**414,515**	**422,229**

INCOME STATEMENT (€000)	2012	2011
Revenues	2,133	2,075
Operating subsidies		
Reversals of depreciation, amortisation and provisions, expense transfers	6,522	6,399
Other income	385	371
REVENUE FROM OPERATIONS	**9,040**	**8,845**
Purchases and other supplies	7	8
Other purchases and external expenses	2,166	2,070
Taxes, duties and similar payments	739	351
Salaries and wages	3,812	3,853
Social security contributions	1,494	1,523
Increases in depreciation/amortisation of non-current assets	843	823
Provision charges	94	45
Other expenses	66	67
OPERATING EXPENSES	**9,221**	**8,740**
OPERATING PROFIT/(LOSS)	**-181**	**105**
Financial income from equity investments	1,290	1,599
Income from other securities and receivables from non-current assets	700	945
Other interest and similar income	1,047	1,535
Reversals of provisions, expense transfers	27	78
Positive currency translation adjustments	321	294
Net profit on sales of marketable securities		
FINANCIAL INCOME	**3,385**	**4,451**
Increases in depreciation, amortisation and provisions		
Interest expense and similar expenses	1,276	2,051
Negative currency translation adjustments	370	281
Net expenses on sales of marketable securities		
FINANCIAL EXPENSES	**1,646**	**2,332**
NET FINANCIAL ITEMS	**1,739**	**2,119**
INCOME BEFORE TAXES	**1,558**	**2,224**
Extraordinary income		
On operating transactions	48	
On capital transactions		
Reversals of provisions, expense transfers	93	84
EXTRAORDINARY INCOME	**141**	**84**
Extraordinary expenses		
On operating transactions		
On capital transactions		
Increases in depreciation, amortisation and provisions	216	224
EXTRAORDINARY EXPENSES	**216**	**224**
EXTRAORDINARY INCOME/(EXPENSE)	**-75**	**-140**
Income taxes	-923	-1,996
NET INCOME FOR THE YEAR	**2,406**	**4,080**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

KEY EVENTS OF THE YEAR

Introduction

Notes to the balance sheet prior to earnings appropriation for the year ended 31 December 2012, for which:

- Total assets were: €414,515,424
- Net income was: €2,406,006

Principal events of the year

There are no significant events warranting disclosure of specific information.

Accounting principles, rules and methods

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

Comparability of the financial statements

The fiscal year is a period of 12 months that runs from 01/01/2012 to 31/12/2012.

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

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.

Inventories

The purchase made in 1997 of resinous wood is held in stock.

Receivables and payables

Valuation and impairment:

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

Receivables and payables denominated in foreign currencies:

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

Cash

Short-term cash:

Short-term funds are provided by commercial paper issued on the market by Exacompta Clairefontaine. It is subject to a fixed interest rate determined as at the issue date, and has a fixed maturity and a maximum term of 365 days.
Commercial paper outstanding at year-end amounted to €35 million. The maximum amount issuable was €125 million.

Lines of credit:

Lines of credit are in place with several banks for an initial amount of €155 million, with maturities not exceeding 5 years. The term of drawdowns ranges from 10 days to one year. The balance on these lines was €20 million at year-end.

Accelerated depreciation/amortisation

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

Accelerated depreciation totalled €2,632,000 at year-end.

Provisions for contingent liabilities and charges

The provision for retirement indemnities is based on the projected credit units method. The discount rate is determined using the market rate of OATs (French treasury bonds), based on blue chip corporate bonds.
The calculation is based on the following main assumptions:

- payments received pursuant to the collective agreement "Production of papers, cardboard and cellulose"
- discount rate: 3.29%
- social security contributions rate: 40%

A provision for the full amount of the retirement commitment – including social security contributions – was taken at year end and totalled €233,000.

Other information

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

Ets Charles Nusse SA, a French limited company (*société anonyme*) with an Executive Board and share capital of €1,632,000
15, rue des Ecluses Saint Martin 75010 PARIS

Percentage held: 80.46%

- *Tax consolidation:*

All the subsidiaries consolidated by full consolidation are consolidated for tax purposes, except for the foreign companies.

The parent company of the tax group is Exacompta Clairefontaine.

The tax savings realised by the parent company are returned to the subsidiaries when they become profitable and can charge their own losses.
The tax savings realised in 2012 totalled €923,000.

- *Individual training rights:*

At year end, employees had acquired 5,083 unused hours.

- *Staff:*

The average headcount of the parent company totalled 46 persons in 2012 (2 administrative managers and 44 sales managers), with no change since 2011.

- *Remuneration of administrative and management bodies:*

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

The remuneration granted to the members of the Board of Directors as directors' fees totalled €60,000 in 2012, and was awarded by a decision of the 24 May 2012 Shareholders' General 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 31/12/2011	**332,405**
Dividends distributed	-1,131
Change in regulated provisions	185
Income for fiscal year 2012	2,406
Shareholders' equity at 31/12/2012	**333,865**

Change in gross non-current assets

€000	Gross value b/fwd	Purchases	Sales	Other activity	Gross value c/fwd
Concessions, patents, licences	273				273
Intangible assets in progress	61				61
Intangible assets	**334**				**334**
Land	3,602				3,602
Buildings and fixtures	20,279	7		4	20,290
Other PP&E	88	19			107
Property, plant and equipment in progress	4	53		-4	53
Property, plant and equipment	**23,973**	**79**		**0**	**24,052**
Equity interests	299,240				299,240
Other non-current securities					
Loans	20,732	2,019	8,820		13,931
Other financial assets	4				4
Non-current financial assets	**319,976**	**2,019**	**8,820**		**313,175**

Inventory of securities held in the portfolio

Company name	Number of shares	% interest	Net book value
Papeteries de Clairefontaine	5,700,000	100%	103,001,491
Exacompta	135,000	100%	115,692,905
Ateliers de Fabrication d'Agendas	90,000	100%	49,633,433
Clairefontaine Rhodia	256,000	100%	30,912,423
Coopérative Forestière Lorraine	1	insignificant	178

Change in depreciation/amortisation of non-current assets

€000	Provisions b/fwd	Additions	Reversals	Other activity	Amounts c/fwd
Concessions, patents, licences	226	20			246
Intangible assets	**226**	**20**			**246**
Land					
Buildings and fixtures	8,702	813			9,515
Other PP&E	52	10			62
Property, plant and equipment	**8,754**	**823**			**9,577**

Change in provisions and write-downs

€000	Provisions b/fwd	Additions	Reversals (used)	Reversals (not used)	Provisions c/fwd
Accelerated depreciation/amortisation	2,446	216	30		2,632
Regulated provisions	**2,446**	**216**	**30**		**2,632**
Foreign exchange losses					
Pensions and similar obligations	218	33	8	10	233
For taxes	62			62	0
Other provisions					
Provisions for contingent liabilities and charges	**280**	**33**	**8**	**72**	**233**
Intangible assets		61			61
Loans	27		27		0
Write-downs	**27**	**61**	**27**		**61**

Increases and reversals		
○ operating	94	18
○ financial		27
○ extraordinary	216	92
Total	**310**	**137**

Receivables schedule

Receivables due (€000)	**Gross amounts**	**Less than 1 year**	**More than 1 year**
Receivables from non-current assets			
Loans	13,931	5,489	8,442
Other financial assets	4		4
Receivables from current assets			
Trade receivables	2,121	2,121	
Personnel and related	12	12	
Social security organisations			
Income taxes	679	679	
Value added tax	99	99	
Other tax receivables	5	5	
Group and associates	82,428	82,428	
Other receivables	16	16	
Prepaid expenses	115	115	
Total	**99,410**	**90,964**	**8,446**

Payables Schedule

Payables due (€000)	**Gross amounts**	**Less than 1 year**	**From 1 to 5 years**
Loans and debts – financial institutions	55,313	55,313	
Trade payables	733	733	
Personnel and related	472	472	
Social security organisations	701	701	
Income taxes			
Value added tax	195	195	
Other taxes, duties and similar items	173	173	
Liabilities on non-current assets	8	8	
Group and associates	22,682	22,682	
Deferred income	138	138	
Total	**80,415**	**80,415**	

Breakdown of prepaid expenses and deferred income

€000	**Prepaid expenses**	**Deferred income**
External expenses	99	85
Financial transactions	16	53
Total	**115**	**138**

Breakdown of accrued expenses and accrued income

€000	Accrued expenses	Accrued income
Invoices not received/to be established	62	307
Tax and social security payables /receivables	742	5
Financial transactions	2	19
Total	**806**	**331**

Breakdown of expense transfers

€000	Expense transfers
Transfer of external expenses	1,235
Transfer of personnel expenses	5,001
Transfer of taxes & duties	268
Total	**6,504**

Extraordinary income and expenses

€000	2012	2011
Sale of property, plant and equipment		
Sale of non-current financial assets		
Reversal of accelerated depreciation	30	34
Other extraordinary reversals	63	50
Other income	48	
Total extraordinary income	**141**	**84**
Sale of property, plant and equipment		
Sale of non-current financial assets		
Increase in accelerated depreciation	216	214
Other extraordinary additions		10
Other expenses		
Total extraordinary expenses	**216**	**224**

Breakdown of income taxes

Breakdown – €000	Income before tax	Taxes owed	Net income after tax
Income from ordinary activities	1,558		1,558
Extraordinary income	-75		-75
Taxes receivable – tax consolidation		-923	923
Total	**1,483**	**-923**	**2,406**

Deferred and future tax position

€000	Amount
Tax on:	
Accelerated depreciation/amortisation	877
Total increases	877
Prepaid tax on:	
Paid holiday	103
Other	83
Total reductions	186
Net deferred tax position	**691**

Net future tax position	**0**

Financial instruments

Valuation:

The Group uses derivatives products mainly to hedge against interest rate risks. Contracted currency hedges are not material.
Financial instruments amounted to a €668,000 liability as at 31 December 2012.

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 31/12/2012 (current notional amounts):

Residual maturity (€000)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Rate swaps	5,037	8,096	141	13,274

Off-balance sheet commitments

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

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.

There are no commitments to related companies.

Amounts concerning related companies

€000	**Related companies**
Non-current assets	**313,164**
Equity interests	299,240
Loans	13,924
Current Assets	**84,557**
Trade and intercompany receivables	2,121
Other receivables	82,436
Payables	**22,864**
Trade payables	122
Other payables	22,742
Financial income	**3,031**
Dividends	1,290
Financial expenses	**367**
Operating revenue	**8,961**
Real estate leases	2,102
Other income	381
Expense transfers	6,478

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% 570,000	91,200,000 152,536,893	103,001,491 103,001,491	
Exacompta 138, Quai de Jemmapes 75010 PARIS	100%	2,160,000 77,281,335	115,692,905 115,692,905	3,339,286
Atelier de Fabrication d'Agendas 132, Quai de Jemmapes 75010 PARIS	100% 720,000	1,440,000 44,303,751	49,633,433 49,633,433	1,200,000
Clairefontaine Rhodia RD 52 68490 OTTMARSHEIM	100%	27,264,000 18,262,699	30,912,423 30,912,423	787,500

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 annual 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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Statutory Auditor

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BATT AUDIT
Statutory Auditor

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25 rue du Bois de la Champelle
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Report of the Statutory Auditors on the annual financial statements

Year ended 31 December 2012

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

88480 ETIVAL CLAIREFONTAINE

REPORT OF THE STATUTORY AUDITORS
ON THE ANNUAL FINANCIAL STATEMENTS

Year ended 31 December 2012

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In accordance with the assignment entrusted to us by your Shareholders' General Meeting, we hereby present our report on the year ended 31 December 2012, 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 annual 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 - Opinion on the annual financial statements

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

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

2 - Bases of assessments

Pursuant to the provisions of Article L.823-9 of the 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 annual financial statements of the information provided in the report of the Board of Directors and in the documents addressed to the shareholders concerning the financial position and the annual 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 provide in its management report:

- Required disclosures concerning remuneration and benefits paid to corporate officers as well as the commitments of any kind made to them;
- In the special document entitled "Social and Environmental Responsibility", the environmental disclosures concerning "steps taken for noise pollution and any other form of pollution specific to an activity" and "the use of land".

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, 25 April 2013

The Statutory Auditors

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

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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 2012

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 2012

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

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

It is 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 conducted the audit 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. These procedures consisted of verifying that the information given to us was consistent with the source documents from which it was taken.

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

Pursuant to Article R.225-30 of the French Commercial Code, we were informed that the performance of the following agreements and commitments, which were approved by the Shareholders' Meeting during prior years, continued during this past year.

Agreement with Exacompta and Clairefontaine Rhodia

Nature and purpose: Exacompta and Clairefontaine Rhodia jointly manage part of the Group's communication requirements.

Conditions: For 2012, the following amounts were invoiced and incurred by Exacompta Clairefontaine:

- €79,070 invoiced by Exacompta,
- €49,939 invoiced by Clairefontaine Rhodia.

Agreement with the Exacompta Clairefontaine Group companies

Nature and purpose: Exacompta Clairefontaine provides Group companies with administrative, legal and marketing assistance.

Conditions: Since 1 January 2003, Exacompta Clairefontaine has received a fee from each of the Group companies equal to 0.2% of its value added for the previous year. For fiscal year 2012, the income recorded in the financial statements of Exacompta Clairefontaine was €381,000.

Agreement with Clairefontaine Rhodia

Nature and purpose: Exacompta Clairefontaine leases to Clairefontaine Rhodia a residential complex located in Mulhouse.

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

Executed in Paris and Vandœuvre-lès-Nancy, 25 April 2013

The Statutory Auditors

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

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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 2012

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 2012

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 2012.

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

It is our responsibility to:

- provide you with our comments on the information contained in the Chairman's report concerning the internal control 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, it being specified that it is not our responsibility to verify the accuracy of said other information.

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

Information concerning the internal control 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.

This audit involves, *inter alia*:

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

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

Other information

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

Executed in Paris and Vandœuvre-lès-Nancy, 25 April 2013

The Statutory Auditors

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

Exacompta Clairefontaine S.A.

Consolidated Financial Statements for the year ended
31 December 2012

Consolidated balance sheet

€000	31/12/2012	31/12/2011	Notes
NON-CURRENT ASSETS	**242,977**	**240,470**	
Intangible assets	15,335	14,393	(2.1.4)
Intangible assets – Goodwill	10,620	11,057	(2.1.4)
Property, plant and equipment	213,134	211,152	(2.1.5)
Financial assets	3,359	3,484	(2.1.6)
Deferred taxes	529	384	(2.4)
CURRENT ASSETS	**330,456**	**345,923**	
Inventories	167,061	174,553	(2.2.1)
Trade receivables	101,608	108,922	(2.2.2)
Advances	3,975	2,981	
Taxes receivable	804	2,209	
Cash and cash equivalents	57,008	57,258	(2.2.3)
TOTAL ASSETS	**573,433**	**586,393**	

SHAREHOLDERS’ EQUITY	**364,754**	**366,657**	
Share capital	4,526	4,526	
Reserves related to capital	253,902	250,902	
Consolidated reserves	107,599	108,283	
Currency translation reserve	-726	-446	
Profit/(loss) – Group share	-592	3,346	
Shareholders’ equity – Group share	**364,709**	**366,611**	
Minority interests	45	46	
NON-CURRENT LIABILITIES	**46,835**	**61,715**	
Interest-bearing debt	395	16,624	(2.6)
Deferred taxes	29,694	29,057	(2.4)
Provisions	16,746	16,034	(2.5)
CURRENT LIABILITIES	**161,844**	**158,021**	
Trade payables	47,699	52,591	
Short-term portion of interest-bearing debt	61,909	54,213	(2.6)
Provisions	3,302	2,367	(2.5)
Tax liabilities			
Other liabilities	48,934	48,850	(2.8)
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	**573,433**	**586,393**	

Consolidated income statement

€000	2012	2011	Notes
Income from ordinary activities	525,742	545,447	
- Sales of products	519,002	537,920	
- Sales of services	6,740	7,527	
Other operating income	7,362	11,012	
- Reversal of depreciation/amortisation	249	414	(2.1.4, 2.1.5)
- Subsidies	39	70	
- Other income	7,074	10,528	
Change in inventories of finished products and work-in-process	-1,121	11,567	(2.2.1)
Capitalised production costs	519	742	
Goods and materials used	-250,531	-277,523	(2.2.1)
External expenses	-88,025	-90,297	
Personnel expenses	-147,819	-148,695	(2.11)
Taxes and duties	-10,842	-10,200	
Depreciation/amortisation	-25,018	-25,393	(2.1.4, 2.1.5)
Other operating expenses	-9,785	-11,508	
OPERATING PROFIT/(LOSS) – before goodwill impairment	**482**	**5,152**	
Goodwill impairment	-421	-506	(2.1.4, 2.1.1)
OPERATING PROFIT/(LOSS) – after goodwill impairment	**61**	**4,646**	
Financial income	3,156	4,640	
Financial expenses	-3,484	-5,173	
Net financial items	-328	-533	(2.12)
Income taxes	-326	-772	(2.4, 2.10)
Income/(loss) after tax	**-593**	**3,341**	

Net income – minority share	**-1**	**-5**
Net income/(loss) – Group share	**-592**	**3,346**

Income/(loss) for the period	-592	3,346	
Number of shares	1,131,480	1,131,480	(2.3)
EARNINGS PER SHARE (basic and diluted)	**-0.52**	**2.96**	

Comprehensive income statement

€000	2012	2011
Net income/(loss) for the period	**-593**	**3,341**
Currency translation differences resulting from the conversion of foreign entities' financial statements	-179	404
Total comprehensive income/(loss)	**-772**	**3,745**
Attributable to:		
- minority interests	-1	-5
- the Group	-771	3,750

Statement of changes in consolidated shareholders' equity

€000	Shareholders' equity – Group share	Shareholders' equity – minority share	Total shareholders' equity
Balance at 31/12/2010	**363,994**	**50**	**364,044**
Currency translation difference	404		404
Other changes	-2	1	-1
Total from transactions not affecting earnings	402	1	403
Profit/(loss) for the year	3,346	-5	3,341
Dividends	-1,131		-1,131
Balance at 31/12/2011	**366,611**	**46**	**366,657**
Currency translation difference	-179		-179
Other changes			-
Total from transactions not affecting earnings	-179		-179
Profit/(loss) for the year	-592	-1	-593
Dividends*	-1,131		-1,131
Balance at 31/12/2012	**364,709**	**45**	**364,754**

* €1.00 per share

Statement of consolidated cash flows

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

€000	2012	2011	Notes
Cash and cash equivalents in assets	57,008	57,258	(assets)
Bank overdrafts payable on demand	-61,907	-53,869	(2.6)
Accrued interest on financial debt	-2	-9	(2.6)
Cash in statement of changes in cash flow	**-4,901**	**3,380**	

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	2012	2011	Notes
Total consolidated net income/(loss)	**-593**	**3,341**	
Elimination of operating expenses and income that do not affect cash or that are not related to operations:			
• Depreciation, amortisation and provisions	27,037	24,540	(2.1.4 to 2.1.6, 2.5)
• Change in deferred taxes	637	245	(2.4)
• Gains on sales, net of taxes	-154	-1,605	
• Currency translation adjustments	-179	404	
• Other		-1	
Cash flow of consolidated companies	*26,748*	*26,924*	
• Change in working capital for operations	8,859	-7,111	Balance sheet
• Change related to income taxes	3,324	-1,196	
• Income taxes paid	-1,919	617	
(1) Net cash flow from operating activities	**37,012**	**19,234**	
• Purchases of fixed assets	-30,099	-30,502	(2.1.4 to 2.1.6)
• Sales of fixed assets	2,484	5,370	
• Effect of changes in consolidation– purchases			
• Effect of changes in consolidation– sales	16	115	
(2) Cash flow from investing activities	**-27,599**	**-25,017**	
• Dividends paid	-5,833	-6,782	(Change in shareholders' equity)
• Dividends received	4,702	5,651	
• Borrowings	686	2,372	
• Loans repaid	-17,294	-4,934	
• Interest paid	-686	-2,372	
• Interest received	731	551	
(3) Cash flow from financing activities	**-17,694**	**-5,514**	
(1+2+3) Total cash flow	**-8,281**	**-11,297**	

Opening cash	3,380	14,677
Closing cash	-4,901	3,380
Change in cash	**-8,281**	**-11,297**

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

1- General principles – statement of conformity

The consolidated financial statements of the EXACOMPTA CLAIREFONTAINE Group were prepared in accordance with the IFRS (International Financial Reporting Standards), as adopted within the European Union.
The consolidated financial statements of the Exacompta Clairefontaine Group were approved by the Board of Directors on 26 March 2013. 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 2012:</u>

- Amendments to IFRS 7 – *Disclosures - Transfers of financial assets*

The adoption of this amendment 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 2012</u>

- IFRS 10 – *Consolidated financial statements*
- IFRS 11 – *Joint arrangements*
- IFRS 12 – *Disclosure of interests in other entities*
- IFRS 13 – *Fair value measurement*
- IAS 27 revised 2011 – *Separate financial statements*
- IAS 28 revised 2011 – *Investments in associates and joint ventures*
- Amendments to IFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*
- Amendments to IAS 1 – *Presentation of items of other comprehensive income*
- Amendments to IAS 12 – *Deferred tax: recovery of underlying assets*
- Amendments to IAS 19 – *Employee benefits*
- Amendments to IAS 32 – *Presentation - Offsetting financial assets and financial liabilities*

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

- Standards and amendments not yet adopted by the European Union

- IFRS 9 - *Financial instruments*
- Annual improvements – *2009-2011 cycle*
- Amendments to IFRS 1 – *Government loans*
- Amendments to IFRS 10, 11 and 12 - *Transition guidance*
- Amendments to IFRS 10 and 12 and IAS 27 – *Investment entities*

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

At its 23 and 24 June 2005 meetings, the IASB withdrew the IFRIC 3 interpretation regarding the accounting treatment of greenhouse gas emission rights. Accordingly, the accounting treatment applied is described in Note 8. This treatment is being used provisionally until a definitive IASB position is established.

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 are also the basis for the exercise of judgment necessary for the determination of the book values of assets and liabilities that cannot be obtained directly from other sources. The real values may differ from the estimated values. The 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 the other periods affected.

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

4- Consolidation of subsidiaries

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

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

5- Foreign currencies

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

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

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

6- Business combinations

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

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

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

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

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

7- Property, plant and equipment

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

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

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

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

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

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

8- Intangible assets

Research and development costs

Research costs are recorded as expenses in the year in which they are incurred.
Development expenses are recorded as a non-current asset if the costs can be reliably measured and if the Group can demonstrate the technical and commercial feasibility of the product or procedure, the existence of probable future economic benefits and its intention, as well as the availability of sufficient resources, to complete the development and use or sell the asset.
When the requirements for recording development expenses in assets are not met, they are recognised as expenses for the year in which they are incurred.
On the basis of a review of costs incurred, the Group did not capitalise any development expenses.

Greenhouse gas emission rights

The operations of the Group's paper subsidiaries are subject to Order no. 2004-330 dated 15 April 2004 of directive 2003/87/EC of the European Parliament and the European Council, as transposed under French law in the French Environmental Code, establishing a permit trading system for greenhouse gases, adopted on 13 October 2003.

A permit or allowance is a unit of account that represents the emission of one metric tonne of carbon dioxide that is covered by a certificate issued by the State, which is valid for a specific period of time.

The State allocates a certain number of permits to operators for each authorised facility.
The total volume of carbon dioxide emitted by each facility during one calendar year is measured or calculated, and stated in metric tonnes of carbon dioxide.
The operator is required to compensate the State each year for the number of permits equal to the total of its emissions during the past calendar year.
The State allocates permits free of charge under a national permit allocation plan. Under Phase II of the European greenhouse gas emissions trading system, the current plan covers the period from 1 January 2008 to 31 December 2012.

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

The greenhouse gas emission permits are recorded at the value determined in the exchange market on the date they are received plus, if applicable, the value of the permits purchased in the market.
The liability corresponding to the emission permits to be compensated is valued based on the initial value of the permits allocated plus, if applicable, the value of the permits purchased in the market.

With regard to permits acquired and in surplus, an impairment test is performed, which consists of comparing the book value to the exchange market value at the end of the period in question. Permits issued by the State free of charge are not subject to impairment.

In 2013, the European system will undergo significant changes as part of Phase III, which will cover the period from 2013 to 2020, in particular:

- gradual reduction of the number of permits allocated
- global introduction of the practice of auctioning purchased carbon permits

Goodwill

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

Goodwill is valued at cost, less accumulated impairment.

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

Trademarks

Trademarks are recorded as intangible assets at their fair value, which is determined on the purchase date. In the absence of a foreseeable limit on their capacity to generate net cash flows, the useful life of the trademarks used by the Group is considered to be indefinite.
They are not amortised, but do undergo an annual impairment test so that at each account statement date there is an indication of any loss in value. The recoverable value is determined based on expected cash flows discounted at the rate of 8%.

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

Other intangible assets

Other intangible assets that have been acquired by the Group are recorded at their cost, less amortisation and accumulated 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 receivables

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

12- Inventories

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

13- Cash and cash equivalents

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

14- Derivative financial instruments

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

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

15- Interest-bearing debt

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

16- Employee benefits

Defined contribution plans

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

Provisions for pensions

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

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

17- Provisions

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

18- Income

Income from ordinary activities

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

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

Public subsidies

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

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

19- Expenses

Payments under operating leases

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

Net financial items

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

20- Income tax

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

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

The tax payable is the estimated tax due on taxable income for a period and any adjustment of the amount of tax payable for prior periods.
It is determined based on current or shortly to be introduced tax rates as at the balance sheet date.

Deferred tax is measured under the liability method on all timing differences between the book value of the assets and liabilities and their tax bases by applying current or shortly to be introduced tax rates as at the balance sheet date.

The following items do not result in deferred taxes:

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

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

21- Management of financial risk

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

Market risks

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

- Foreign exchange risk

The Group operates internationally, but has little exposure to foreign exchange risks because of the local presence of its main subsidiaries. Risks related to commercial transactions denominated in a currency other than the respective functional currencies of Group entities are related mainly to purchases of raw materials.
In order to manage exchange rate risk, the Group hedges approximately 50% of its anticipated future transactions in each significant currency for the coming three months, using options contracts.
Changes in exchange rates had no material impact on the income statement or shareholders' equity at 31 December 2012.

- Interest rate risk

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

Liquidity risk

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

Credit risk

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

- Trade receivables

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

The Group has implemented tools to monitor outstandings that enable it to ensure that its clients have an appropriate credit risk history. Clients that do not satisfy solvency requirements cannot carry out transactions with the Group without making advance payments. In addition, credit risk is limited by taking out credit insurance contracts.
The Group writes down trade receivables based on estimates of bad debts. Impairment provisions correspond to specific losses related to individual risks.
Book values are stated after impairment provisions.

- Investments

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

22- Segment information

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

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

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

Transactions among the different areas of activity are carried out on arm's length terms.

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

Notes to the consolidated financial statements

1. CONSOLIDATED ENTITIES

All the companies have been consolidated at 31 December 2012 using the full consolidation method (F.C.).

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

LALO	138, Quai de Jemmapes 75010 PARIS	100	100	F.C.	572 016 814
LAVIGNE	139-175, Rue Jean Jacques Rousseau 92130 ISSY LES MOULINEAUX	100	100	F.C.	332 346 444
PAPETERIE DE MANDEURE	14, Rue de la Papeterie 25350 MANDEURE	100	100	F.C.	339 310 807
MANUCLASS	ZI d'Etriché 49500 SEGRE	100	100	F.C.	318 110 665
CLAICELL INGENIERIE	ZI – Rue de Chartres 28160 BROU	100	100	F.C.	490 846 763
EDITIONS QUO VADIS	14, Rue du Nouveau Bêle 44470 CARQUEFOU	100	100	F.C.	054 807 748
IMPRIMERIE RAYNARD	6, Rue de la Peltière 35130 LA GUERCHE DE BRETAGNE	100	100	F.C.	659 200 786
ROLFAX	ZI Route de Montdidier 60120 BRETEUIL	100	100	F.C.	432 030 088
PAPETERIES SILL	Rue du Moulin 62570 WIZERNES	100	100	F.C.	085 650 141
BRAUSE Produktion	D – 51149 KÖLN	100	100	F.C.	
EXACLAIR GmbH (Germany)	D – 51149 KÖLN	100	100	F.C.	
RODECO	D – 51149 KÖLN	100	100	F.C.	
MAKANE BOUSKOURA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
CLAIR MOROCCO	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
PUBLIDAY MULTIDIA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
DIFTAR EXPORT	23, Rue Tarik Bnou Zlad 40000 GUELIZ – MARRAKECH	100	100	F.C.	
ERNST STADELMANN	Bahnhofstrasse 8 A – 4070 EFERDING	99	99	F.C.	
EXACLAIR (Spain)	E – 08110 MONTCADA I REIXAC	100	100	F.C.	
EXACLAIR (Belgium)	249, Boulevard de l'Humanité B – 1620 DROGENBOS	100	100	F.C.	
EXACLAIR Inc (USA)	143 West 29th Street USA – NEW YORK	100	100	F.C.	
EXACLAIR Ltd (UK)	Oldmedow Road KING'S LYNN, Norfolk PE30 4LW	100	100	F.C.	
QUO VADIS International Ltd	1055, Rue Begin – Ville Saint Laurent QUEBEC H4R 1V8	100	100	F.C.	

QUO VADIS Italia Srl	19 via Roberto Lepetit I – 20124 MILANO	100	100	F.C.	
QUO VADIS Japon Co Ltd	Sangenjaya Combox 4F 1–32–3 Kamjuma Setagaya-Ku, TOKYO	100	100	F.C.	
QUO VADIS Polonia Spzoo	Ul Oeniadeckich 18 60–773 POZNAN	100	100	F.C.	
QUO VADIS Editions Inc	120 Elmview Avenue HAMBURG, NY 14075–3770	100	100	F.C.	
SCHUT	Kabeljauw 2 NL – 6866 HEELSUM	100	100	F.C.	

Changes affecting the scope of consolidation	
Companies newly consolidated - acquisitions	Companies deconsolidated
• None	• CHÂTELLES TRANSFORMATION – Transfer of all assets on 31 December 2012 • EXACLAIR POLSKA – Liquidated: balance sheet at 31 August 2012

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

2. INFORMATION ON THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

2.1 Non-current assets

2.1.1 Intangible assets

Greenhouse gas emission rights

Greenhouse gas emission permits are stated at market value as at the date of reception.
The net amount of greenhouse gas emission rights recorded in assets totalled €1,979,000 on 31 December 2012.

Trademarks

The item "Concessions, patents, licenses" includes trademarks totalling €8,655,000.
No impairment was recorded in the financial statements for fiscal year 2012.

Goodwill

The goodwill recorded applied mainly to four subsidiaries at 31 December 2012.

Impairment of €421,000 was recorded in the 2012 financial statements pursuant to the rules and methods described in paragraph 8 of the presentation of the consolidated financial statements.

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

2.1.2 Property, plant and equipment

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

Finance lease agreements aggregated in the respective tables

€000	31/12/2012	31/12/2011
Property, plant and equipment	**10,049**	**16,559**
Land	22	53
Buildings	1,345	5,661
Plant, supplies and equipment	8,682	10,845
Depreciation	**8,409**	**13,250**
Accumulated b/fwd	13,250	12,378
Increase for the period	615	872
Disposals of fixed assets	-5,456	
Loans	**0**	**29**

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

At 31 December 2011 (€000)	Goodwill	Concessions, patents, licences and similar rights	Other	Total
Gross value b/fwd	17,141	22,750	1,947	41,838
Purchases		3,795	437	4,232
Sales	-115	-417	-91	-623
Changes in scope of consolidation		-15	-129	-144
Currency translation adjustments		3	11	14
Transfers and other activity	-3,115	-771	-293	-4,179
Gross value c/fwd	**13,911**	**25,345**	**1,882**	**41,138**
Amortisation and write-downs b/fwd	5,463	10,578	1,306	17,347
Sales		-266	-91	-357
Changes in scope of consolidation		-9	-46	-55
Amortisation		1,106	186	1,292
Write-downs	506	10		516
Reversals				
Currency translation adjustments		2	8	10
Transfers and other activity	-3,115	25	25	-3,065
Amortisation and write-downs c/fwd	**2,854**	**11,446**	**1,388**	**15,688**
Net book value b/fwd	**11,678**	**12,172**	**641**	**24,491**
Net book value c/fwd	**11,057**	**13,899**	**494**	**25,450**

2.1.5 Property, plant and equipment

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

At 31 December 2011 (€000)	Land and buildings	Plant and equipment	Other fixed assets	Advances and fixed assets in progress	Total
Gross value b/fwd	126,175	357,345	28,238	8,785	520,543
Purchases	1,147	16,204	1,990	6,128	25,469
Sales	-227	-7,615	-1,925	-61	-9,828
Changes in scope of consolidation			-25		-25
Currency translation adjustments	204	326	49		579
Transfers and other activity	886	7,250	288	-9,010	-586
Gross value c/fwd	**128,185**	**373,510**	**28,615**	**5,842**	**536,152**
Depreciation and write-downs b/fwd	63,870	223,519	22,529	0	309,918
Sales	-164	-7,146	-1,426		-8,736
Changes in scope of consolidation			-13		-13
Depreciation	4,290	17,572	2,229		24,091
Write-downs					
Reversals		-361	-53		-414
Currency translation adjustments	75	277	43		395
Transfers and other activity		-241			-241
Depreciation and write-downs c/fwd	**68,071**	**233,620**	**23,309**	**0**	**325,000**
Net book value b/fwd	**62,305**	**133,826**	**5,709**	**8,785**	**210,625**
Net book value c/fwd	**60,114**	**139,890**	**5,306**	**5,842**	**211,152**

2.1.6 Financial assets

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

At 31 December 2011 (€000)	Unconsolidated equity interests	Intercompany receivables	Loans	Other receivables	Total
Gross value b/fwd	1,847	0	1,276	1,629	4,752
Purchases			61	645	706
Sales	-50				-50
Changes in scope of consolidation			-9	-3	-12
Currency translation adjustments			3	15	18
Transfers and other activity			-488	-524	-1,012
Gross value c/fwd	**1,797**	**0**	**843**	**1,762**	**4,402**
Write-downs b/fwd	938	0	383	30	1,351
Purchases/Sales					
Changes in scope of consolidation					
Write-downs					
Reversals	-50		-383		-433
Currency translation adjustments					
Transfers and other activity					
Write-downs c/fwd	**888**	**0**	**0**	**30**	**918**
Net book value b/fwd	**909**	**0**	**893**	**1,599**	**3,401**
Net book value c/fwd	**909**	**0**	**843**	**1,732**	**3,484**

Other receivables consist mainly of deposits and bonds totalling €1,210,000 at 31 December 2012, compared to €1,154,000 at 31 December 2011.

2.1.7 Table of maturities of other financial assets

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

At 31 December 2011 (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans	56	122	665	843
Other financial assets	1,161	9	592	1,762
Financial assets and receivables	**1,217**	**131**	**1,257**	**2,605**

2.2 Current assets

2.2.1 Inventories by type

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

At 31 December 2011 (€000)	Raw materials	In progress	Intermediate and finished goods	Total
Gross value b/fwd	56,972	16,232	97,403	170,607
Change	4,275	1,392	8,107	13,774
Gross value c/fwd	**61,247**	**17,624**	**105,510**	**184,381**
Write-downs b/fwd	4,562	610	7,192	12,364
Additions	3,801	423	4,633	8,857
Reversals	-4,238	-578	-6,541	-11,357
Currency translation adjustments and other activity	2		-38	-36
Write-downs c/fwd	**4,127**	**455**	**5,246**	**9,828**
Net book value b/fwd	**52,410**	**15,622**	**90,211**	**158,243**
Net book value c/fwd	**57,120**	**17,169**	**100,264**	**174,553**

2.2.2 Write-down of other current assets

€000	Write-downs b/fwd	Additions	Reversals	Other changes	Write-downs c/fwd
Trade receivables	3,338	1,167	-969		3,536
Other receivables	259		-8		251
Total	**3,597**	**1,167**	**-977**	**0**	**3,787**

Statement of maturities of trade and other receivables

€000	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade receivables	90,751	771		91,522
Taxes and social security contributions receivable	9,114			9,114
Debit current accounts	175			175
Other receivables	2,119			2,119
	102,159	**771**		**102,930**
Impairment				-3,787
Financial assets				**99,143**
Prepaid expenses				2,465
Trade receivables presented in the balance sheet				**101,608**

2.2.3 Marketable securities

Marketable securities are assets held for trading. The book value of €36,269,000 is their market value at 31 December 2012. The book value is equal to the fair value.

2.3 Shareholders' equity

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

ETABLISSEMENTS CHARLES NUSSE holds 80.46% of the capital.

2.4 Deferred taxes

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

Net deferred tax liabilities increased by €492,000 (increase in net deferred tax liability). The deferred tax expense amounted to €485,000 (deferred tax expense).

The tax calculation is presented in paragraph 2.10.

Statement of changes in deferred tax

€000	Closing balance	Opening balance	Change
Deferred tax assets	529	384	145
Deferred tax liabilities	29,694	29,057	637
Net deferred tax	**29,165**	**28,673**	**492**

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	15,898	2,102	-789	-446	-19	16,746
Other non-current provisions	136		-76	-60		0
Non-current provisions	**16,034**	**2,102**	**-865**	**-506**	**-19**	**16,746**
Provisions for contingent liabilities	2,143	2,243	-1,005	-187	9	3,203
Other provisions for charges	224	7		-132		99
Current provisions	**2,367**	**2,250**	**-1,005**	**-319**	**9**	**3,302**

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

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

- probability of retirement from the company, turnover, death;
- changes in salaries;
- discounting the amount obtained at the rate of 3.29%.

The amounts paid to insurance organisations are deducted from provisions.

Net change in the provision for pensions and similar obligations

€000		2012
Liability b/fwd		**15,898**
Cost of services rendered		770
Financial expense		570
Actuarial gains and losses		-492
→ *o/w actuarial changes*	*530*	
→ *o/w new recruits*	*78*	
→ *o/w departures during the year*	*-1,100*	
Liability c/fwd		**16,746**

The recorded liability includes €13,312,000 of obligations under the plan applicable to French companies and €3,434,000 under plans applicable to foreign companies.

2.6 Borrowings and debt with financial institutions

Statement of liquidity risk

€000	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans from financial institutions				0
Financial debts	197	338	57	592
Bank loans and overdrafts	61,710			61,710
Subtotal	**61,907**	**338**	**57**	**62,302**
Accrued interest	2			2
Total	**61,909**	**338**	**57**	**62,304**
Estimated interest to maturity				*61*

- Including current debt €61,909,000
- Including non-current debt €395,000

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

2.7 Issuance & financial instruments programmes

Commercial paper

Short-term funds are provided by commercial paper issued by Exacompta Clairefontaine. A fixed rate as at date of issue is paid on the commercial paper, which has a maximum term of 365 days.
The “Current portion of interest-bearing debt” amounted to €35 million at the balance sheet date. The maximum value of commercial paper that may be issued was €125 million.

Lines of credit

Lines of credit are in place with several banks for an initial amount of €155 million, with maturities not exceeding 5 years. The term of drawdowns ranges from 10 days to one year. The balance on these lines was €20 million at year-end. As the drawdowns have very short-term maturities, this amount is recorded under "Short-term portion of interest-bearing debt". No amounts were recorded under “Interest-bearing debt”.
Long-term financing may be arranged through negotiated loans.

Financial instruments

The Group uses derivatives products mainly to hedge against interest rate risks. Transactions performed to hedge exchange rate risks are non material.
The fair value of the financial instruments is provided by the financial institutions from which they are obtained.
The change in the fair value recorded in income amounted to €202,000.

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 €420,000 effect on income as at 31 December 2012.

Portfolio of financial instruments

Residual maturity (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Rate swaps	5,037	8,096	141	13,274

The amounts shown in the table are current notional amounts.

2.8 Other current liabilities

€000	31/12/2012	31/12/2011
Advances and down payments received	750	255
Taxes and social security contributions payable	32,941	33,704
Suppliers - fixed assets	2,461	3,230
Other liabilities	10,924	9,772
Deferred income	1,190	1,019
Derivative financial instruments	668	870
Total	**48,934**	**48,850**

Derivative financial instruments are recorded at fair value.

2.9 Off-balance sheet commitments

➢ Greenhouse gas emission permits

Commitments received are stated at market value.
The commitments for the remaining term of the allocation plan equal the market value of total annual allocations receivable as at the balance sheet date. The Group does not expect an overall deficit for the entire plan.

The permits to be compensated are measured pursuant to principles set forth in Note 8 to the consolidated financial statements.

€000	31/12/2012	31/12/2011
Greenhouse gas emission rights		
• Commitments given – release	1,045	1,289
• Commitments received – net 2012 allocations	934	713
• Commitments received – annual allocations receivable	–	914

➢ Sureties and guarantees

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

2.10 Income tax – Calculation of tax

€000	2012	2011
Consolidated net income before goodwill impairment	-593	3,341
Goodwill impairment	421	506
Income taxes	-159	528
Deferred taxes	485	244
Consolidated tax base	154	4,619
Tax rate applicable to parent company	33.33%	33.33%
Theoretical tax expense	**51**	**1,540**
Tax assets not withheld on foreign companies	277	700
Tax rate differences	819	201
Tax adjustments	-510	-1,888
Tax debits and credits	-312	402
Other effects	1	-183
Actual tax expense	**326**	**772**

Income taxes	-159	528
Deferred taxes	485	244
Tax expense in the consolidated financial statements c/fwd	**326**	**772**

2.11 Group staff and employee benefits

Average staff	**31/12/2012**	**31/12/2011**
Management	468	468
Employees	753	777
Labourers and other salaried workers	1,916	1,956
Total	**3,137**	**3,201**

Expenses recorded for defined contribution schemes (€000)	41,549	41,694

2.12 Financial income and expenses

€000	2012	2011
Equity interests and income from other financial assets	9	5
Income from other receivables and marketable securities	731	551
Other financial income	339	310
Financial instruments – change in fair value	202	242
Reversal of provisions and write-downs	27	1,312
Foreign exchange differences	1,775	2,145
Net gain on sale of marketable securities	73	75
Total financial income	**3,156**	**4,640**
Increase in provisions and write-downs	228	3
Interest and financial expenses	682	2,371
Financial expenses on finance leases	4	1
Foreign exchange differences	2,071	2,155
Other financial expenses	499	554
Net expenses on sales of marketable securities	–	89
Total financial expenses	**3,484**	**5,173**

2.13 Related parties

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

€000	31/12/2012	31/12/2011
Balance sheet		
Interest-bearing debt: loans current account	0	16,000
Short-term portion of interest-bearing debt	0	500
Income statement		
Financial expenses	119	251
Fees	1,143	1,095
Leases	5,436	5,315

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 €1,766,000.
No benefits are granted to Group managers apart from retirement commitments calculated pursuant to the rules applicable to the entire workforce.

The remuneration granted to the members of the Board of Directors by way of directors' fees totalled €60,000 in 2012. This was approved by a decision of the 24 May 2012 Shareholders' Meeting.

2.14 Statutory Auditors' fees

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

€000	**2012**	**2011**
Fees invoiced for statutory auditing of the financial statements	722	745
Fees invoiced for related consultancy and other services	–	–

3. SEGMENT INFORMATION

Correspondence with the consolidated balance sheet:

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

➢ Segment information by activity – 31/12/2012

€000	Paper	Processing	Intersegment transactions	Total
Segment income statement				
Revenues	246,261	392,772	-113,291	525,742
Depreciation/amortisation (net of reversals)	11,445	13,328	-4	24,769
Write-downs and provisions	1,739	1,074		2,813
Operating profit/(loss) (excl. goodwill)	3,172	-2,635	-55	482
Goodwill impairment		421		421
Segment assets				
Net PP&E and intangible assets	113,594	114,875		228,469
o/w investments	*11,004*	*18,482*		*29,486*
Goodwill		10,620		10,620
Trade receivables	34,394	76,112	-22,520	87,986
Other receivables	3,252	10,439	-69	13,622
Balance sheet total	*37,646*	*86,551*	*-22,589*	*101,608*
Other assets allocated	52,574	120,540	-2,078	171,036
Unallocated assets				*1,333*
Total assets	203,814	332,586	-24,667	513,066
Segment liabilities				
Current provisions	1,494	1,808		3,302
Trade payables	20,681	49,468	-22,450	47,699
Other payables	17,744	31,336	-146	48,934
Unallocated liabilities				*0*
Total liabilities	39,919	82,612	-22,596	99,935

➢ Segment information by geographic area – 31/12/2012

€000	France	Europe	Outside Europe	Total
Revenues	342,041	154,865	28,836	525,742
Net PP&E and intangible assets	213,710	8,299	6,460	228,469
o/w investments	*25,800*	*1,751*	*1,935*	*29,486*
Goodwill	10,620			10,620
Trade receivables	70,781	14,793	2,412	87,986
Other receivables	10,803	1,049	1,770	13,622
Balance sheet total	*81,584*	*15,842*	*4,182*	*101,608*
Other assets allocated	156,262	7,676	7,098	171,036
Unallocated assets				*1,333*
Total assets	462,176	31,817	17,740	513,066

➢ Segment information by activity – 31/12/2011

€000	Paper	Processing	Intersegment transactions	Total
Segment income statement				
Revenues	265,180	397,768	-117,501	545,447
Depreciation/amortisation (net of reversals)	11,731	13,251	-3	24,979
Write-downs and provisions	332	-3,290		-2,958
Operating profit/(loss) (excl. goodwill)	-936	6,303	-215	5,152
Goodwill impairment		506		506
Segment assets				
Net PP&E and intangible assets	115,161	110,384		225,545
o/w investments	*11,700*	*18,001*		*29,701*
Goodwill		11,057		11,057
Trade receivables	38,284	84,765	-27,424	95,625
Other receivables	3,114	10,501	-318	13,297
Balance sheet total	*41,398*	*95,266*	*-27,742*	*108,922*
Other assets allocated	57,832	121,719	-2,017	177,534
Unallocated assets				*2,593*
Total assets	214,391	338,426	-29,759	525,651
Segment liabilities				
Current provisions	510	1,857		2,367
Trade payables	22,778	57,167	-27,354	52,591
Other payables	18,656	30,584	-390	48,850
Unallocated liabilities				*0*
Total liabilities	41,944	89,608	-27,744	103,808

➢ Segment information by geographic area – 31/12/2011

€000	France	Europe	Outside Europe	Total
Revenues	357,884	159,469	28,094	545,447
Net PP&E and intangible assets	212,187	8,074	5,284	225,545
o/w investments	*27,173*	*1,519*	*1,009*	*29,701*
Goodwill	11,057			11,057
Trade receivables	77,434	15,326	2,865	95,625
Other receivables	11,308	657	1,332	13,297
Balance sheet total	*88,742*	*15,983*	*4,197*	*108,922*
Other assets allocated	162,239	8,188	7,107	177,534
Unallocated assets				*2,593*
Total assets	474,225	32,245	16,588	525,651

Exacompta Clairefontaine S.A.

Report of the Statutory Auditors
on the consolidated financial statements

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Resolutions submitted to the Ordinary Shareholders' Meeting

SEREC AUDIT
Statutory Auditor

Member of the Paris Institute
of Statutory Auditors
21 rue Leriche
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 2012

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

88480 ETIVAL CLAIREFONTAINE

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In accordance with the assignment entrusted to us by your Shareholders' General Meeting, we hereby present our report on the year ended 31 December 2012, concerning:

- the audit of the consolidated financial statements of EXACOMPTA CLAIREFONTAINE, which are appended to this report;
- the bases of 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 - Opinion on the consolidated financial statements

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

We hereby certify that the consolidated financial statements for the year are, with regard to the IFRS adopted within the European Union, in order and accurate and fairly present the assets, financial position and results 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 hereby provide you with the following information:

Goodwill and trademarks were monitored and, where applicable, written down, pursuant to the terms 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, 25 April 2013

The Statutory Auditors

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

RESOLUTIONS SUBMITTED

TO THE ORDINARY SHAREHOLDERS' MEETING OF 29 MAY 2013

FIRST RESOLUTION

Following a reading by the Board of Directors and the Statutory Auditors of their respective reports, the Meeting approved these reports in their entirety, as well as the operations described therein, and the parent company financial statements for the year ended 31 December 2012.

SECOND RESOLUTION

Following a reading by the Board of Directors and the Statutory Auditors of their respective reports, the Meeting approved these reports in their entirety, as well as the operations described therein, and the consolidated financial statements for the year ended 31 December 2012.

THIRD RESOLUTION

At the recommendation of the Board of Directors, the Shareholders' Meeting resolved to distribute and appropriate earnings for the year as follows:

2012 earnings	€2,406,006.21
Retained earnings	€577,936.86
	€2,983,943.07
Appropriated as follows:	
* First dividend	€226,296.00
* Second dividend	€339,444.00
Total dividends	€565,740.00
* Transfer to other reserves	€2,000,000.00
* Transfer to retained earnings.........................	€418,203.07
TOTAL APPROPRIATED	€2,983,943.07

Given that share capital consists of 1,131,480 shares, each share would receive a total dividend of €0.50.

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

Year	Dividend	Number of shares
2009	1.80	1,131,480
2010	1.00	1,131,480
2011	1.00	1,131,480

FOURTH RESOLUTION

Following a reading of the Statutory Auditors' special report, the Shareholders' Meeting formally noted the absence in 2012 of any operations related to Article L.225-38 of the French Commercial Code.

FIFTH RESOLUTION

The Shareholders' Meeting gave a full discharge to the Directors for their management during the past year and resolved in favour of the Board of Directors' recommendation to set the fees that will be paid to the company Directors in 2013 at €60,000.

SIXTH RESOLUTION

The Shareholders' Meeting resolved in favour of the Board of Directors' recommendation to appoint Ms Christine Nusse, residing at 375 Riverside Drive, New York, USA, as a director of the company.

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 2018.

Exacompta Clairefontaine S.A.

EXTRAORDINARY SHAREHOLDERS' MEETING

Agenda: Capital increase reserved for employees with waiver of preferential subscription rights

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

REPORT OF THE BOARD OF DIRECTORS

TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

OF 29 MAY 2013

To the Shareholders,

We have convened this Extraordinary Shareholders' Meeting to request that you take a decision on the periodic statutory requirement to vote on a capital increase reserved for employees.

CAPITAL INCREASE RESERVED FOR EMPLOYEES

Article L.225-129-6 of the French Commercial Code provides for the requirement to periodically consult the shareholders with a view to voting on a draft resolution concerning the implementation of a capital increase reserved for employees subscribing to a company savings plan on the terms and conditions provided for in Articles L.3332-18 to L.3332.24 of the French Labour Code.
This requirement continues to apply provided that the shares held by employees of the company and of the companies related to it within the meaning of Article L.225-180 of the French Commercial Code represent less than 3% of the share capital. The report submitted by the Board of Directors to the Ordinary Shareholders' Meeting shows that this condition is fulfilled.

In order to remain in compliance with the aforementioned condition, we hereby submit to you a resolution proposing that you authorise a capital increase up to a limit of 3% of the share capital. Given that the capital increase is reserved for members of a company savings plan, we also propose that the preferential subscription right be cancelled in favour of the aforementioned class of employees.

If the Meeting adopts this resolution, the Board of Directors will be authorised to carry out one or more capital increases as it sees fit. In accordance with statutory provisions, the subscription price of the shares issued under said capital increase shall be set by the Board and reviewed by the statutory auditors.

The Board of Directors recommends that you vote against this resolution.

SEREC AUDIT
Statutory Auditor

Member of the Paris Institute
of Statutory Auditors
21 rue Leriche
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
Capital increase reserved for members of a company savings plan

Extraordinary Shareholders' Meeting dated 29 May 2013

EXACOMPTA CLAIREFONTAINE
A French limited company (société anonyme)

88480 ETIVAL CLAIREFONTAINE

REPORT OF THE STATUTORY AUDITORS
Capital increase reserved for members of a company savings plan

Extraordinary Shareholders' Meeting dated 29 May 2013

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

Dear shareholders,

In our capacity as the Company's statutory auditors and pursuant to our engagement under Articles l. 225-135 et seq. of the French Commercial Code, we submit our report on the proposal to authorise the Board of Directors to decide, on one or more occasions, to increase share capital by an issue of ordinary shares with waiver of preferential subscription rights up to 3% of share capital, a transaction on which you are called to vote.

The capital increase is subject to your approval in accordance with the provisions of Articles L.225-129-6 of the French Commercial Code and Articles L.3332-18 et seq. of the French Labour Code.

The Board of Directors proposes that you grant it authority for a period of 26 months, to decide, on one or more occasions, to increase share capital by an issue of new ordinary shares with waiver of your preferential subscription rights. If applicable, the Board shall be responsible for establishing the final terms and conditions of issue of such shares.

It is the Board's responsibility to draft a report under Articles R. 225-113 and R. 225-114 of the French Commercial Code. It is our responsibility to give our opinion on the fairness of the figures taken from the financial statements, on the proposed waiver of the preferential subscription right and on certain other information concerning the share issue described in this report.

We have performed the procedures that we have deemed necessary in view of the professional standards set out by the French national statutory auditors institute (*Compagnie Nationale des Commissaires aux Comptes*) relative to this engagement. This engagement consisted of verifying the content of the Board of Directors report on this transaction and the procedures for establishing the share issue price.

Subject to any future decision to review the terms and conditions of the capital increase, we have no observation on the procedures for establishing the issue price of the ordinary shares as described in the Board of Directors report.

Given that the share issue price has not been established, we do not give an opinion on the final terms and conditions of the capital increase nor, consequently, on the proposal to waive your preferential subscription rights.

In accordance with Article R.225-116 of the French Commercial Code, we shall issue an additional report should the Board of Directors make use of such authority.

Executed in Paris and Vandœuvre-lès-Nancy, 25 April 2013

The Statutory Auditors

SEREC AUDIT **BATT AUDIT**

Benoit Grenier Pascal François

RESOLUTIONS SUBMITTED

TO THE EXTRAORDINARY SHAREHOLDERS' MEETING OF 29 MAY 2013

SOLE RESOLUTION

Having reviewed the Board of Directors' report and the statutory auditors' special report, the Extraordinary Shareholders' Meeting:

- Grants the Board of Directors authority to decide on one or more capital increases reserved for employees of the company and of the companies related to it within the meaning of Article L.255-180 of the French Commercial Code who are members of a company savings plan;

- Cancels the preferential subscription right to any shares that may be issued under the present authorisation, in favour of the aforementioned class of employees;

- Sets the term of this authorisation at twenty-six months as of the date of this Meeting;

- Sets the maximum amount of the capital increase or increases that may be carried out under this authorisation at 3% of the amount of the share capital;

- Resolves that the price of the future shares, pursuant to this delegation of authority:
    - May not exceed the average listed price of the company's share over the 20 trading sessions prior to the Board of Directors' decision setting the date on which subscription is to commence with regard to the capital increase and corresponding share issue;
    - May not be more than 20% lower than this average value, and not more than 30% lower when the lock-in period provided for under the scheme, pursuant to Articles L.3332-25 and L.3332-26 of the French Labour Code, is equal to or longer than ten years.

Grants all powers to the Board of Directors for the purposes of exercising this authorisation, implementing all measures required and completing all of the relevant formalities.

NOTES