EXACOMPTA CLAIREFONTAINE

# HALF-YEAR
# FINANCIAL REPORT

# 30 JUNE 2012

SA with share capital of € 4,525,920 – Registered office 88480 ÉTIVAL-CLAIREFONTAINE
RCS EPINAL: B 505 780 296 SIRET No.: 505 780 296 000 16 NAF: 7010Z
Tel. +33 (0)3 29 42 42 42 Fax +33 (0)3 29 42 42 00 Website www.exacomptaclairefontaine.fr

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# Exacompta Clairefontaine S.A.

## Board of Directors

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

Dominique Daridan

Charles Nusse
Chairman, Exaclair Ltd (GB)
Manager, Ernst Stadelmann (AT)
Co-Manager, Exaclair GmbH (DE)

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

Guillaume Nusse
Chairman, Clairefontaine Rhodia
Chairman, Décopatch
Co-Manager, Publiday Multidia (MA)

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

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

Jérôme Nusse
Chairman, Editions Quo Vadis

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

## Statutory Auditors

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

SEREC AUDIT, 75015 Paris, France
Benoît Grenier

To the Shareholders,

## 1. REVIEW AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

| **Consolidated results – (€000)** | **H1 2012** | **H1 2011** |
|---|---|---|
| Income from ordinary activities (Revenue) | 258,427 | 270,978 |
| Operating profit/(loss) | -2,792 | 1,934 |
| Net income/(loss) before income tax | -2,533 | 1,350 |
| Net income/(loss) after income tax | -2,796 | 520 |
| Minority interests | – | -1 |
| Group share | -2,796 | 521 |

No change in consolidation occurred during the first half of 2012.

In the first half of 2012, the consolidated cash flow of the Exacompta Clairefontaine Group was €10,803,000, compared to €9,623,000 for the first half of 2011.

### 1.1 PAPER PRODUCTION

The first half of 2012 saw a marked decline in paper sales associated with downward pressure on sales prices.
Clairefontaine and its subsidiaries maintained their market share and even found new market opportunities. However, this development was not strong enough to offset the persisting overall decline in the demand for paper.

There are two reasons for this disconcerting situation: the economic slowdown and the increase in electronic files as replacement.

As a reminder, statistics from COPACEL show a 29.10% fall in production of uncoated paper, with and without wood, in France during the first half of 2012 compared to the same period last year.

In the first half of 2012, the Group's Paper business benefited from the fall in pulp prices that began at the end of 2011. However, pulp prices remain high. This explains the improvement in this business's results compared to 2011.

However, pulp prices started to rise again in the second quarter of 2012.

## 1.2 PROCESSING

Sales volumes in the Processing business sector have levelled out. At the same time, there is a very marked general decline in margins due to strong competition in all markets, both domestic and international.

The performance of the Processing business is also explained by the sharp fluctuations experienced by seasonal activities such as sales of calendars and diaries.

After an exceptionally slow month in May, sales of stationery and office supplies revived in June, increasing by 3.5% in France.

This improvement, enhanced by calendar factors, is explained by increased demand from both family customers and professionals, with different distribution channels experiencing different rates of growth.

The start of the 2012/2013 school year has shown that Group sales of exercise books and filing articles continue to grow.

## 1.3 FINANCIAL POSITION– DEBT

At 30 June 2012, with revenue of €258,427,000, the Group's financial debt (excluding parent company ECN current accounts) was €89,279,000 and shareholders' equity totalled €362,966,000.

The Exacompta Clairefontaine Group has negotiated a €155 million line of credit. The balance of this line stood at €32 million at 30 June 2012.

Backed by cash of €46,536,000, which provides funds for some capital expenditure among other things, the Group had net financial debt of €42,743,000 at 30 June 2012.

## 1.4 OTHER POINTS

- There are no employee shareholders.
- At 30 June 2012, the principal shareholder, Ets Charles Nusse, held 910,395 shares representing 80.46% of share capital. Financière de l'Echiquier holds over 5% of share capital.

# 2. RESEARCH AND DEVELOPMENT

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

Development projects are mainly geared towards the product ranges.

## 3. SAFETY AND WORKING CONDITIONS

Risk assessment, harmful working conditions, root cause analysis, prevention of occupational illnesses, musculoskeletal disorders, etc.…. Nowadays, this jargon is no longer the exclusive domain of OHS experts.
The safety culture is being developed across all Group units. This is becoming a strategic part of companies' policies due to the impact it has on staff morale and well-being.

In 2012, the whole of the paper industry is focusing on the issue of safety. The theme of the Paper Industry Technical Association's October congress will be: "Towards health and safety excellence in industrial facilities".
This nationwide campaign will undoubtedly help us to improve our safety record. We must continue to foster feedback sharing and discussion between the various safety officers on all Group sites. This will enable us to achieve a satisfactory level to begin with and, ultimately, to attain excellence.

At the moment, our safety record continues to improve. After a disappointing 2011 for Papeteries de Clairefontaine, the number of days of sick leave following accidents in the first half of 2012 was half the number recorded for the same period last year.

*The Papeteries de Clairefontaine site at Etival-Clairefontaine (Vosges)*

## 4. EMPLOYMENT INFORMATION

The Exacompta Clairefontaine Group had 3,226 employees at 30 June 2012, compared to 3,304 at 30 June 2011. The companies apply the collective agreement for the production of paper, cardboard and cellulose or the collective agreement for the cardboard industry.

The Group's Works Council, which met on 5 June 2012, commented on the activity and the economic and employment outlook for the period.

## 5. ENVIRONMENTAL INFORMATION

➢ Gross carbon dioxide ($CO_2$) emissions at the Group's French paper sites:

| Site | Emissions in tonnes of $CO_2$ | | Change |
|---|---|---|---|
| | H1 2012 | H1 2011 | |
| CLAIREFONTAINE | 39,911 | 43,264 | ↓ 7.8% |
| MANDEURE | 4,828 | 5,527 | ↓ 12.7% |
| EVERBAL | 5,379 | 5,184 | ↑ 3.8% |
| **Total** | **50,118** | **53,976** | **↓ 7.2%** |

| Site | Gross production in tonnes | | Change |
|---|---|---|---|
| | H1 2012 | H1 2011 | |
| CLAIREFONTAINE | 87,202 | 99,083 | ↓ 12.0% |
| MANDEURE | 16,613 | 18,922 | ↓ 12.2% |
| EVERBAL | 21,114 | 21,604 | ↓ 2.3% |
| **Total** | **124,929** | **139,609** | **↓ 10.5%** |

Gross $CO_2$ emissions have fallen since the first half of 2011 following an over 10% cut in production due to the economic slowdown in the first half of the year.

➢ Waste recycling

The Exacompta Clairefontaine Group has always attached great importance to the optimal management of waste generated by its production and transformation units.

As the easiest kind of waste to treat is waste that is not produced, Group sites are constantly seeking to reduce the amount of waste produced at source, a practice that has the spin-off benefit of saving on raw materials.

*Examples:*

- *Improvements in the systems for filtering waste water from the paper production process, to remove the maximum quantity of fibres and thus reduce the amount of sewage sludge produced;*
- *Optimising packaging so as to ensure the best compromise between product protection and packaging weight reduction.*

If it is impossible to avoid generating waste, priority is given to the reuse or recycling of materials, mainly through an advanced waste sorting system employed by the Group.

*Examples:*

- *Internal recycling of production scrap from the paper manufacturing or transformation sites, transfer to Everbal which produces the Group's recycled paper;*
- *Recycling of plastics (polyethylene pallet shrink wrap film, waste polypropylene exercise book covering);*
- *Reuse of worn pallets or recycling thereof by chipboard manufacturers;*
- *Sewage sludge composting, use of this compost in the farming sector.*

Where physical recycling is not feasible, especially for products made of different materials, the Group seeks opportunities for energy recycling.

*Example:*

- *Test for grinding ordinary industrial waste (OIW) to produce alternative fuels for cement plants.*

Only as a last resort, a limited quantity of so-called "final waste" will be sent to special centres for storage or co-incineration.

Apart from reducing the quantity, Group sites are also striving to reduce the hazardous nature of their waste by improving their selection of raw materials, especially chemical agents, in partnership with their suppliers.

*Collected paper destined for recycling*

## 6. OUTLOOK

### 6.1 OVERALL OUTLOOK

At the beginning of second half 2012 it seems likely that pulp prices will fall. It appears that a long-term downward trend is settling in.

On the other hand, the demand for printing and writing paper is expected to remain low for the second half of 2012. Inevitably, the paper industry is caught up in the overall sluggish growth trend experienced by the economy as a whole. At the same time, there is a growing trend towards electronic substitution.

As a result, we are having to constantly reorganise our activities and step up our development of specialised paper and articles.

Under these conditions, full-year consolidated net income for 2012 is likely to be significantly down on 2011 net income, which amounted to €3,341,000.

### 6.2 RISK AND UNCERTAINTIES

Due to the nature of its business, the Group is exposed to different kinds of risk and a certain number of uncertainties.

- Management of raw material and energy risk

The first uncertainty concerns the price of raw material. This is offset by a policy of purchasing highly diversified pulp raw materials in large volumes.

In terms of currency risk, these purchases are made partly with US dollars purchased on the spot market and partly through forward purchases with a settlement option. Eventually, raw material prices are reflected in sales prices, as market balance is restored.

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

New facilities for generating bioenergy are currently under review so as to rationalise energy costs.

Our allocated $CO_2$ quotas appear to be sufficient and tight production management of our sites should enable us to generate surplus quotas.

To enhance their market credibility, the plants are certified ISO 9000 and 14001. They use exclusively FSC or PEFC certified materials, in accordance with market requirements.

➢ Management of financial risk

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

Credit risk

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

- Trade and other receivables

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

- Investments

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

Liquidity risk

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

# Exacompta Clairefontaine S.A.

## Consolidated financial statements for the 6 months ended H1 2012

Consolidated half-year financial statements

# Consolidated balance sheet

| €000 | 30/06/2012 | 31/12/2011 | Notes |
|---|---|---|---|
| **NON-CURRENT ASSETS** | **240,822** | **240,470** | |
| Intangible assets | 15,096 | 14,393 | (2.1.4) |
| Intangible assets – Goodwill | 11,041 | 11,057 | (2.1.4) |
| Property, plant and equipment | 210,715 | 211,152 | (2.1.5) |
| Financial assets | 3,564 | 3,484 | (2.1.6) |
| Deferred taxes | 406 | 384 | (2.4) |
| **CURRENT ASSETS** | **389,511** | **345,923** | |
| Inventories | 190,848 | 174,553 | (2.2.1) |
| Trade and other receivables | 149,979 | 108,922 | (2.2.2) |
| Advances | 1,936 | 2,981 | |
| Taxes receivable | 212 | 2,209 | |
| Cash and cash equivalents | 46,536 | 57,258 | (2.2.3) |
| **TOTAL ASSETS** | **630,333** | **586,393** | |

| | | | |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | **362,966** | **366,657** | |
| Capital | 4,526 | 4,526 | |
| Reserves related to capital | 253,902 | 250,902 | |
| Consolidated reserves | 107,599 | 108,283 | |
| Currency translation reserve | -311 | -446 | |
| Profit/(loss) – Group share | -2,796 | 3,346 | |
| **Shareholders' equity – Group share** | **362,920** | **366,611** | |
| Minority interests | 46 | 46 | |
| **NON-CURRENT LIABILITIES** | **62,641** | **61,715** | |
| Interest-bearing debt | 16,495 | 16,624 | (2.6) |
| Deferred taxes | 29,381 | 29,057 | (2.4) |
| Provisions | 16,765 | 16,034 | (2.5) |
| **CURRENT LIABILITIES** | **204,726** | **158,021** | |
| Trade payables | 56,221 | 52,591 | |
| Short-term portion of interest-bearing debt | 89,284 | 54,213 | (2.6) |
| Provisions | 2,633 | 2,367 | (2.5) |
| Tax liabilities | | | |
| Other liabilities | 56,588 | 48,850 | (2.8) |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **630,333** | **586,393** | |

## Consolidated income statement

| €000 | H1 2012 | H1 2011 | Notes |
|---|---|---|---|
| Income from ordinary activities | 258,427 | 270,978 | |
| - Sales of products | 254,905 | 267,033 | |
| - Sales of services | 3,522 | 3,945 | |
| Other operating income | 3,409 | 6,335 | |
| - Reversal of depreciation/amortisation | 124 | 211 | (2.1.4, 2.1.5) |
| - Subsidies | 15 | 11 | |
| - Other income | 3,270 | 6,113 | |
| Change in inventories of finished products and work-in-process | 18,596 | 25,686 | (2.2.1) |
| Capitalised production costs | 345 | 279 | |
| Goods and materials used | -139,260 | -156,062 | (2.2.1) |
| External expenses | -44,413 | -45,234 | |
| Personnel expenses | -76,273 | -76,054 | (2.11) |
| Taxes and duties | -6,153 | -5,367 | |
| Depreciation/amortisation | -12,507 | -12,322 | (2.1.4, 2.1.5) |
| Other operating expenses | -4,963 | -6,305 | |
| **OPERATING PROFIT/(LOSS) – before goodwill impairment** | **-2,792** | **1,934** | |
| Goodwill impairment | | | (2.1.4, 2.1.1) |
| **OPERATING PROFIT/(LOSS)** – after goodwill impairment | **-2,792** | **1,934** | |
| Financial income | 1,642 | 2,990 | |
| Financial expenses | -1,383 | -3,574 | |
| Net financial items | 259 | -584 | (2.12) |
| Income taxes | -263 | -830 | (2.4, 2.10) |
| **Income/(loss) after tax** | **-2,796** | **520** | |

| | | |
|---|---|---|
| **Net income/(loss) – minority share** | **0** | **-1** |
| **Net income/(loss) – Group share** | **-2,796** | **521** |

| | | | |
|---|---|---|---|
| Profit/(loss) for the period | -2,796 | 521 | |
| Number of shares | 1,131,480 | 1,131,480 | (2.3) |
| **EARNINGS PER SHARE (basic and diluted)** | **-2.47** | **0.46** | |

## Comprehensive income statement

| €000 | H1 2012 | H1 2011 |
|---|---|---|
| **Net income/(loss) for the period** | **-2,796** | **520** |
| Currency translation differences resulting from the conversion of foreign entities' financial statements | 236 | -476 |
| **Total comprehensive income/(loss)** | **-2,560** | **44** |
| Attributable to: | | |
| - minority interests | 0 | -1 |
| - the Group | -2,560 | 45 |

## 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 | 236 | | 236 |
| Other changes | | | |
| Total from transactions not affecting earnings | 236 | – | 236 |
| Profit/(loss) for the year | -2,796 | | -2,796 |
| Dividends* | -1,131 | | -1,131 |
| **Balance at 30/06/2012** | **362,920** | **46** | **362,966** |

* €1 per share.

## Statement of consolidated cash flows

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

| €000 | H1 2012 | 2011 | Notes |
|---|---|---|---|
| Cash and cash equivalents in assets | 46,536 | 57,258 | (assets) |
| Bank overdrafts payable on demand | -89,277 | -53,869 | (2.6) |
| Accrued interest on financial debt | -7 | -9 | (2.6) |
| **Cash in statement of changes in cash flow** | **-42,748** | **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 | H1 2012 | 2011 | Notes |
|---|---|---|---|
| **Total consolidated net income/(loss)** | **-2,796** | **3,341** | |
| Elimination of operating expenses and income that do not affect cash or that are not related to operations: | | | |
| • Depreciation, amortisation and provisions | 13,353 | 24,540 | (2.1.4 to 2.1.6, 2.5) |
| • Change in deferred taxes | 324 | 245 | (2.4) |
| • Gains on sales, net of taxes | -314 | -1,605 | |
| • Currency translation adjustments | 236 | 404 | |
| • Other | – | -1 | |
| *Cash flow of consolidated companies* | *10,803* | *26,924* | |
| • Change in working capital for operations | -44,961 | -7,111 | Balance sheet |
| • Change related to income taxes | 4,007 | -1,196 | |
| • Income taxes paid | -2,010 | 617 | |
| **(1) Net cash flow from operating activities** | **-32,161** | **19,234** | |
| • Purchases of fixed assets | -14,253 | -30,502 | (2.1.4 to 2.1.6) |
| • Sales of fixed assets | 1,864 | 5,370 | |
| • Effect of changes in consolidation– purchases | – | – | |
| • Effect of changes in consolidation– sales | 16 | 115 | |
| **(2) Cash flow from investing activities** | **-12,373** | **-25,017** | |
| • Dividends paid | -5,833 | -6,782 | (Change in shareholders' equity) |
| • Dividends received | 4,702 | 5,651 | |
| • Borrowings | 405 | 2,372 | |
| • Loans repaid | -877 | -4,934 | |
| • Interest paid | -405 | -2,372 | |
| • Interest received | 414 | 551 | |
| **(3) Cash flow from financing activities** | **-1,594** | **-5,514** | |
| **(1+2+3) Total cash flow** | **-46,128** | **-11,297** | |

| | | |
|---|---|---|
| Opening cash | 3,380 | 14,677 |
| Closing cash | -42,748 | 3,380 |
| **Change in cash** | **-46,128** | **-11,297** |

# Presentation of the consolidated financial statements

1- General principles – statement of conformity

The consolidated financial statements of the EXACOMPTA CLAIREFONTAINE Group were prepared in accordance with the IFRS (International Financial Reporting Standards), as adopted within the European Union.
The consolidated interim financial statements of the Exacompta Clairefontaine Group were prepared in accordance with international financial reporting standard IAS 34 - *Interim financial reporting*. The Group has opted to present a complete set of interim financial statements.
The consolidated financial statements of the Exacompta Clairefontaine Group were approved by the Board of Directors on 31 August 2012.

2- Adoption of international standards

➢ Mandatory standards, amendments and interpretations in 2012:

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

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

➢ Standards, amendments and interpretations adopted by the European Union and optional in 2012

- Amendments to IAS 1 – *Presentation of items of other comprehensive income*
- Amendments to IAS 19 – *Employee benefits*

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*
- 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 12 – *Deferred tax: recovery of underlying assets*
- Amendments to IAS 32 – *Offsetting financial assets and financial liabilities*

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

At its meetings on 23 and 24 June 2005, the IASB withdrew the IFRIC 3 interpretation regarding the accounting treatment of greenhouse gas emission rights. The accounting treatment applied is therefore set out in Note 8. This treatment is provisional pending a final decision on the part of the IASB.

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 judgement 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 an ongoing 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, contingent losses and gains, and the revenues and expenses resulting from transactions within the Group are eliminated in the consolidation.
Unrealised gains arising from transactions with affiliates are eliminated in the proportion of the Group's ownership percentage.
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 closing date are converted to euros at the prevailing exchange rate on that date. The currency translation differences resulting from this conversion are recorded in the income statement as income or expense, as applicable.

The assets and liabilities of each individual entity operating abroad are converted to euros at the exchange rates in effect at the closing date. Income and expenses are converted at the average exchange rates for the period, which is a sufficient approximation of the rates on the transaction dates, in the absence of significant fluctuations.
The currency translation differences resulting from the conversion are recorded in the currency translation adjustment as a separate component of shareholders’ equity.

## 6- Business combinations

Acquisitions of subsidiaries are recorded using the acquisition method set forth in 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 financial lease agreements.
The respective assets are booked as fixed assets at their fair value or, if lower, at the discounted value of the minimum lease payments less accumulated depreciation and impairment, as the offset to a financial debt.
The minimum payments under these agreements are divided between financial expenses and amortisation of the debt. The financial expense is charged to each period covered by the financial lease agreement so as to obtain a constant periodic interest rate on the balance of the remaining financial payable shown in liabilities.
These assets are depreciated over their expected useful life on the same basis as owned assets.

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

| | |
|---|---|
| - Land | not depreciated |
| - Buildings | From 25 to 40 years |
| - Fixtures and furnishings | From 10 to 20 years |
| - Plant and equipment | From 10 to 20 years |
| - Other office supplies and computer hardware | From 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.
Following a review of development expenses incurred, the Group decided not to capitalise development expenses.

*Greenhouse gas emission rights*

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

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

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

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

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

With regard to quotas acquired and in surplus at the closing date, an impairment test is performed, which consists of comparing the book value to the market value as at the balance sheet date. Quotas issued by the State free of charge are not subject to impairment.

*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 losses in value.
Amortisation is recorded as expenses using the straight line method over the estimated useful life, on the following bases and by year:

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

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

At the end of each period, the Group reviews the book values of the tangible and intangible assets in order to determine whether there is any indication that an asset has 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 sale costs and the useful value. The useful value is estimated using the discounted future cash flows method. If the recoverable value is estimated to be less than the book value, impairment is recognised immediately in expenses in the income statement.
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

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

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

11- Trade and other receivables

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

## 12- Inventories

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

## 13- Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and short-term investments in money market instruments. These investments can be converted into a known amount of cash within one month at most and are subject to a negligible risk of a change in value.
Marketable securities are classified in the category of 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, financial 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 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 net obligation of the Group 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 the OATs (French treasury bonds) on the closing 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 closing date, and is valued based on the work performed.

*Public subsidies*

The public subsidies that offset some expenses incurred by the Group are recorded systematically as income in the income statement, for the period in which the expenses are incurred.
The subsidies that cover all or part of the costs of an asset are deducted from this asset to determine its cost price.

The subsidy is recorded as income over the useful life of the asset and can be amortised through a decrease in the depreciation expense.

## 19- Expenses

*Payments under operating lease agreements*

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

*Net financial items*

The net financial income/(expense) includes interest payable on loans and cash liabilities, interest receivable on investments, foreign exchange gains and losses, and gains and losses on financial instruments. All are recorded in the income statement.

## 20- Income tax

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

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

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

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

The following items do not result in the recognition of 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 significant impact on the income statement or shareholders' equity at 30 June 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 swaps.

### *Liquidity risk*

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

*Credit risk*

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

- Trade and other receivables

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

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

- Investments

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

## 22- 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 paper 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 30 June 2012 using the full consolidation method (FC).

| Name | Address | % stake | % controlling interest | Consolidation method | SIREN No. |
|---|---|---|---|---|---|
| EXACOMPTA CLAIREFONTAINE | 88480 ETIVAL CLAIREFONTAINE | | | Parent company | 505,780,296 |
| A.B.L. | 132, Quai de Jemmapes 75010 PARIS | 100 | 100 | F.C. | 622,033,124 |
| A.F.A. | 132, Quai de Jemmapes 75010 PARIS | 100 | 100 | F.C. | 582,090,452 |
| L'AGENDA MODERNE | 144, Quai de Jemmapes 75010 PARIS | 100 | 100 | F.C. | 552,097,347 |
| CARTOREL | 358, Avenue de Paris 79025 NIORT | 100 | 100 | F.C. | 025,770,470 |
| CFR Ile Napoléon | RD 52 68490 OTTMARSHEIM | 100 | 100 | F.C. | 439,721,697 |
| CHÂTELLES TRANSFORMATION | Route des Châtelles 88110 RAON L'ETAPE | 100 | 100 | F.C. | 492,300,561 |
| PAPETERIES DE CLAIREFONTAINE | 88480 ETIVAL CLAIREFONTAINE | 100 | 100 | F.C. | 402,965,297 |
| CLAIREFONTAINE RHODIA | RD 52 68490 OTTMARSHEIM | 100 | 100 | F.C. | 339,956,781 |
| CLAIRCELL | ZI – rue de Chartres 28160 BROU | 100 | 100 | F.C. | 432,357,358 |
| 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<br>92130 ISSY LES MOULINEAUX | 100 | 100 | F.C. | 332,346,444 |
| PAPETERIE DE MANDEURE | 14, rue de la Papeterie<br>25350 MANDEURE | 100 | 100 | F.C. | 339,310,807 |
| MANUCLASS | ZI d'Etriché<br>49500 SEGRE | 100 | 100 | F.C. | 318,110,665 |
| PELISSIER MI | ZI – rue de Chartres<br>28160 BROU | 100 | 100 | F.C. | 490,846,763 |
| EDITIONS QUO VADIS | 14, rue du Nouveau Bêle<br>44470 CARQUEFOU | 100 | 100 | F.C. | 054,807,748 |
| IMPRIMERIE RAYNARD | 6, rue de la Peltière – 35130<br>LA GUERCHE DE BRETAGNE | 100 | 100 | F.C. | 659,200,786 |
| ROLFAX | ZI route de Montdidier<br>60120 BRETEUIL | 100 | 100 | F.C. | 432,030,088 |
| PAPETERIES SILL | Rue du Moulin<br>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<br>20180 BOUSKOURA | 100 | 100 | F.C. | |
| CLAIR MOROCCO | Parc industriel de Bouskoura, lot n°4<br>20180 BOUSKOURA | 100 | 100 | F.C. | |
| PUBLIDAY MULTIDIA | Parc industriel de Bouskoura, lot n°4<br>20180 BOUSKOURA | 100 | 100 | F.C. | |
| DIFTAR EXPORT | 23, rue Tarik Bnou Zlad<br>40000 GUELIZ – MARRAKESH | 100 | 100 | F.C. | |
| ERNST STADELMANN | Bahnhofstrasse 8<br>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<br>B – 1620 DROGENBOS | 100 | 100 | F.C. | |
| EXACLAIR Inc (USA) | 143 West 29th Street<br>USA – NEW YORK | 100 | 100 | F.C. | |
| EXACLAIR POLSKA | Ul lesnà 23 – Kotowice<br>PL – 55–011 SIECHNICE | 100 | 100 | F.C. | |
| EXACLAIR Ltd (UK) | Oldmedow Road<br>KING'S LYNN, Norfolk PE30 4LW | 100 | 100 | F.C. | |
| QUO VADIS International Ltd | 1055, rue Begin – Ville Saint Laurent<br>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 | • None |

## 2. INFORMATION ON THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

### 2.1 Non-current assets

2.1.1 Intangible assets

*Greenhouse gas emission rights*

The greenhouse gas emission quotas are recorded at the value determined in the exchange market on the date they are received.
The net amount of greenhouse gas emission rights recorded in assets totalled €1,856,000 on 30 June 2012.

*Trademarks*

The item “concessions, patents, licenses” includes trademarks totalling €8,655,000.

No loss in value was recorded in the H1 2012 financial statements.

*Goodwill*

The goodwill recorded applied mainly to 5 subsidiaries at 30 June 2012.

No impairment was recorded in the H1 2012 financial statements pursuant to the rules and methods described in paragraph 8 of the presentation of the consolidated half-year 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.

Financial lease agreements aggregated in the respective tables

| €000 | 30/06/2012 | 31/12/2011 |
|---|---|---|
| ***Property, plant and equipment*** | **16,559** | **16,559** |
| Land | 53 | 53 |
| Buildings | 5,661 | 5,661 |
| Plant, supplies and equipment | 10,845 | 10,845 |
| ***Depreciation*** | **13,672** | **13,250** |
| Accumulated as at opening | 13,250 | 12,378 |
| Increase for the period | 422 | 872 |
| ***Loans*** | **0** | **29** |

### 2.1.3 Financial assets

Unconsolidated equity interests and other non-current securities are maintained at cost, in the absence of a reliable fair value.
Intercompany receivables, loans and other financial assets are valued at their amortised cost. The book value is equal to the fair value.

### 2.1.4 Intangible assets

| At 30 June 2012 (€000) | Goodwill | Concessions, patents, licences and similar rights | Other | Total |
|---|---|---|---|---|
| Gross value at opening | 13,911 | 25,345 | 1,882 | 41,138 |
| Purchases | | 2,449 | 192 | 2,641 |
| Sales | | -73 | -108 | -181 |
| Changes in scope of consolidation | | | | |
| Currency translation adjustments | | 6 | 9 | 15 |
| Transfers and other activity | -16 | -1,343 | -108 | -1,467 |
| **Gross value at closing** | **13,895** | **26,384** | **1,867** | **42,146** |
| Depreciation and write-downs at opening | 2,854 | 11,446 | 1,388 | 15,688 |
| Sales | | -73 | -108 | -181 |
| Changes in scope of consolidation | | | | |
| Depreciation | | 718 | 71 | 789 |
| Write-downs | | | | |
| Reversals | | | | |
| Currency translation adjustments | | 4 | 9 | 13 |
| Transfers and other activity | | -300 | | -300 |
| **Depreciation and write-downs at closing** | **2,854** | **11,795** | **1,360** | **16,009** |
| **Net book value at opening** | **11,057** | **13,899** | **494** | **25,450** |
| **Net book value at closing** | **11,041** | **14,589** | **507** | **26,137** |

| At 31 December 2011 (€000) | Goodwill | Concessions, patents, licences and similar rights | Other | Total |
|---|---|---|---|---|
| Gross value at opening | 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 at closing** | **13,911** | **25,345** | **1,882** | **41,138** |
| Depreciation and write-downs at opening | 5,463 | 10,578 | 1,306 | 17,347 |
| Sales | | -266 | -91 | -357 |
| Changes in scope of consolidation | | -9 | -46 | -55 |
| Depreciation | | 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 |
| **Depreciation and write-downs at closing** | **2,854** | **11,446** | **1,388** | **15,688** |
| **Net book value at opening** | **11,678** | **12,172** | **641** | **24,491** |
| **Net book value at closing** | **11,057** | **13,899** | **494** | **25,450** |

## 2.1.5 Property, plant and equipment

| At 30 June 2012 (€000) | Land and Buildings | Plant and equipment | Other fixed assets | Advances and fixed assets in progress | Total |
|---|---|---|---|---|---|
| Gross value at opening | 128,185 | 373,510 | 28,615 | 5,842 | 536,152 |
| Purchases | 949 | 2,796 | 912 | 6,676 | 11,333 |
| Sales | -5 | -835 | -191 | | -1,031 |
| Changes in scope of consolidation | | | | | |
| Currency translation adjustments | 200 | 334 | 47 | | 581 |
| Transfers and other activity | 4 | 3,329 | 281 | -3,752 | -138 |
| **Gross value at closing** | **129,333** | **379,134** | **29,664** | **8,766** | **546,897** |
| Depreciation and write-downs at opening | 68,071 | 233,620 | 23,309 | 0 | 325,000 |
| Sales | -4 | -649 | -180 | | -833 |
| Changes in scope of consolidation | | | | | |
| Depreciation | 2,112 | 8,668 | 938 | | 11,718 |
| Write-downs | | | | | |
| Reversals | | -108 | -16 | | -124 |
| Currency translation adjustments | 75 | 304 | 42 | | 421 |
| Transfers and other activity | | | | | |
| **Depreciation and write-downs at closing** | **70,254** | **241,835** | **24,093** | **0** | **336,182** |
| **Net book value at opening** | **60,114** | **139,890** | **5,306** | **5,842** | **211,152** |
| **Net book value at closing** | **59,079** | **137,299** | **5,571** | **8,766** | **210,715** |

| At 31 December 2011 (€000) | Land and Buildings | Plant and equipment | Other fixed assets | Advances and fixed assets in progress | Total |
|---|---|---|---|---|---|
| Gross value at opening | 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 at closing** | **128,185** | **373,510** | **28,615** | **5,842** | **536,152** |
| Depreciation and write-downs at opening | 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 at closing** | **68,071** | **233,620** | **23,309** | **0** | **325,000** |
| **Net book value at opening** | **62,305** | **133,826** | **5,709** | **8,785** | **210,625** |
| **Net book value at closing** | **60,114** | **139,890** | **5,306** | **5,842** | **211,152** |

2.1.6 Financial assets

| At 30 June 2012 (€000) | Unconsolidated equity interests | Intercompany receivables | Loans | Other receivables | Total |
|---|---|---|---|---|---|
| Gross value at opening | 1,797 | 0 | 843 | 1,762 | 4,402 |
| Purchases | 27 | | 30 | 59 | 116 |
| Sales | | | | | |
| Changes in scope of consolidation | | | | | |
| Currency translation adjustments | | | | | |
| Transfers and other activity | | | -51 | -12 | -63 |
| **Gross value at closing** | **1,824** | **0** | **822** | **1,809** | **4,455** |
| Write-downs at opening | 888 | 0 | 0 | 30 | 918 |
| Purchases/Sales | | | | | |
| Changes in scope of consolidation | | | | | |
| Write-downs | | | | | |
| Reversals | | | | -27 | -27 |
| Currency translation adjustments | | | | | |
| Transfers and other activity | | | | | |
| **Write-downs at closing** | **888** | **0** | **0** | **3** | **891** |
| **Net book value at opening** | **909** | **0** | **843** | **1,732** | **3,484** |
| **Net book value at closing** | **936** | **0** | **822** | **1,806** | **3,564** |

| At 31 December 2011 (€000) | Unconsolidated equity interests | Intercompany receivables | Loans | Other receivables | Total |
|---|---|---|---|---|---|
| Gross value at opening | 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 at closing** | **1,797** | **0** | **843** | **1,762** | **4,402** |
| Write-downs at opening | 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 at closing** | **888** | **0** | **0** | **30** | **918** |
| **Net book value at opening** | **909** | **0** | **893** | **1,599** | **3,401** |
| **Net book value at closing** | **909** | **0** | **843** | **1,732** | **3,484** |

Other receivables consist mainly of deposits and bonds totalling €1,201,000 at 30 June 2012, compared to €1,154,000 at 31 December 2011.

### 2.1.7 Table of maturities of other financial assets

| At 30 June 2012 (€000) | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Loans | 78 | 116 | 628 | 822 |
| Other financial assets | 1,202 | 12 | 595 | 1,809 |
| **Financial assets and receivables** | **1,280** | **128** | **1,223** | **2,631** |

| 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 30 June 2012 (€000) | Raw materials | In progress | Intermediate and finished goods | Total |
|---|---|---|---|---|
| Gross value at opening | 61,247 | 17,624 | 105,510 | 184,381 |
| Change | -2,342 | -509 | 18,849 | 15,998 |
| **Gross value at closing** | **58,905** | **17,115** | **124,359** | **200,379** |
| Write-downs at opening | 4,127 | 455 | 5,246 | 9,828 |
| Additions | 3,187 | 543 | 2,328 | 6,058 |
| Reversals | -3,080 | -427 | -2,858 | -6,365 |
| Currency translation adjustments and other activity | 2 | 1 | 7 | 10 |
| **Write-downs at closing** | **4,236** | **572** | **4,723** | **9,531** |
| **Net book value at opening** | **57,120** | **17,169** | **100,264** | **174,553** |
| **Net book value at closing** | **54,669** | **16,543** | **119,636** | **190,848** |

| At 31 December 2011 (€000) | Raw materials | In progress | Intermediate and finished goods | Total |
|---|---|---|---|---|
| Gross value at opening | 56,972 | 16,232 | 97,403 | 170,607 |
| Change | 4,275 | 1,392 | 8,107 | 13,774 |
| **Gross value at closing** | **61,247** | **17,624** | **105,510** | **184,381** |
| Write-downs at opening | 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 at closing** | **4,127** | **455** | **5,246** | **9,828** |
| **Net book value at opening** | **52,410** | **15,622** | **90,211** | **158,243** |
| **Net book value at closing** | **57,120** | **17,169** | **100,264** | **174,553** |

2.2.2 Write-down of other current assets

| €000 | Write-downs at opening | Additions | Reversals | Other changes | Write-downs at closing |
|---|---|---|---|---|---|
| Trade receivables | 3,338 | 819 | -662 | 3 | 3,498 |
| Other receivables | 259 | | | | 259 |
| **Total** | **3,597** | **819** | **-662** | **3** | **3,757** |

Statement of maturities of trade and other receivables

| €000 | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Trade and similar receivables | 138,419 | 675 | | 139,094 |
| Taxes and social security contributions receivable | 9,153 | | | 9,153 |
| Debit current accounts | 174 | | | 174 |
| Other receivables | 2,116 | | | 2,116 |
| | **149,862** | **675** | | **150,537** |
| Write-offs | | | | -3,757 |
| **Financial assets** | | | | **146,780** |

| | |
|---|---|
| Prepaid expenses | 3,199 |
| **Trade and other receivables presented in the balance sheet** | **149,979** |

2.2.3 Marketable securities

Marketable securities are assets held for trading. The value presented in the balance sheet, i.e. €32,410,000, is their market value at 30 June 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.

The change in deferred taxes presented in the balance sheet totalled €302,000 (increase in net deferred tax liability). The change in deferred taxes recorded in the income statement was €302,000 (deferred tax expense).
The tax calculation is presented in paragraph 2.10.

Statement of changes in deferred tax

| €000 | At year-end. | At year opening | Change |
|---|---|---|---|
| Deferred tax assets | 406 | 384 | 22 |
| Deferred tax liabilities | 29,381 | 29,057 | 324 |
| **Net deferred tax** | **28,975** | **28,673** | **302** |

### 2.5 Provisions

Provisions break down as follows:

| €000 | Provisions at opening | Additions | Reversals | Provisions not used | Other changes | Provisions at closing |
|---|---|---|---|---|---|---|
| Provisions for pensions and similar obligations | 15,898 | 1,307 | -236 | -266 | | 16,703 |
| Other non-current provisions | 136 | | -74 | | | 62 |
| **Non-current provisions** | **16,034** | **1,307** | **-310** | **-266** | | **16,765** |
| Provisions for contingent liabilities | 2,143 | 629 | -255 | -156 | 5 | 2,366 |
| Other provisions for charges | 224 | 41 | | | 2 | 267 |
| **Current provisions** | **2,367** | **670** | **-255** | **-156** | **7** | **2,633** |

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

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

- probability of retirement from the company, turnover, death;
- changes in salaries;
- discounting the amount obtained at the rate of 3.40%.

The amounts paid to insurance entities are deducted from provisions.

Net change in the provision for pensions and similar obligations

| €000 | | 30/06/2012 |
|---|---|---|
| **Commitment at opening** | | **15,898** |
| Cost of services rendered | | 759 |
| Financial expense | | 537 |
| Actuarial gains and losses | | -491 |
| → *o/w actuarial changes* | *-73* | |
| → *o/w new recruits* | *51* | |
| → *o/w departures during the year* | *-469* | |
| **Commitment at closing** | | **16,703** |

The recorded commitment includes €13,228,000 of obligations under the plan applicable to French companies and €3,475,000 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 | 36 | | | 36 |
| Financial debts | 162 | 373 | 122 | 657 |
| Financial debts on financial leases | 0 | | | 0 |
| Bank loans and overdrafts | 88,579 | | | 88,579 |
| **Subtotal** | **88,777** | **373** | **122** | **89,272** |
| Current accounts with credit balances | 500 | | 16,000 | 16,500 |
| Accrued interest | 7 | | | 7 |
| **Total** | **89,284** | **373** | **16,122** | **105,779** |
| *Estimated interest to maturity* | | | | *117* |

- Including current debt €89,284,000
- Including non-current debt €16,495,000

As at 30 June 2012 the financial debt with financial institutions is all denominated in euros and bears interest at floating rates.
All medium- and long-term financing transactions are based on the Euribor for the applicable financing term plus a spread ranging between 0.25% and 0.45%.
The fair value of financial debts is equal to the book value.

## 2.7 Issuance & financial instruments programmes

*Commercial paper and spot loans*

Short-term needs are financed by commercial paper issued by Exacompta Clairefontaine and spot loans. A fixed rate determined at the moment of issue or subscription is paid on the commercial paper, which has a maximum term of 365 days.
The amount recorded in the item "Current portion of interest-bearing debt" was €51 million at the closing date. The maximum amount of commercial paper that may be issued was €125 million at closing.

*Line of credit*

A line of credit is in place with several banks for a maximum amount of €155 million, and covers maturities not exceeding 5 years. The term of drawdowns ranges from 10 days to one year. The outstanding amount on the line of credit at 30 June 2012 was €32 million. 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 insignificant.
The fair value of the financial instruments is provided by the financial institutions from which they are obtained.
The change in the fair value recorded in income amounted to €76,000.

*Interest rate risks*

In order to protect against changes in interest rates, the Group has set up 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 €452,000 effect on income as at 30 June 2012.

*Portfolio of financial instruments*

| Residual maturity (€000) | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Rate swaps | 8,114 | 10,379 | 254 | 18,747 |

The amounts shown in the table are current notional amounts.

### 2.8 Other current liabilities

| €000 | 30/06/2012 | 31/12/2011 |
|---|---|---|
| Advances and down payments received | 427 | 255 |
| Taxes and social security contributions payable | 39,059 | 33,704 |
| Suppliers - fixed assets | 2,275 | 3,230 |
| Other liabilities | 12,499 | 9,772 |
| Deferred income | 1,534 | 1,019 |
| Derivative financial instruments | 794 | 870 |
| **Total** | **56,588** | **48,850** |

Derivative financial instruments are recorded at fair value.

### 2.9 Off-balance sheet commitments

- Greenhouse gas emission quotas

The amount for the commitments received is valued based on the exchange market value. The commitments for the remaining term of the allocation plan are equal to the total annual allocations yet to be obtained, valued at the market value at the balance sheet date. The Group does not expect an overall deficit for the entire plan.

The quotas to be compensated are valued pursuant to the principles set forth in Note 8 of the presentation of the consolidated financial statements.

| €000 | H1 2012 | 2011 |
|---|---|---|
| *Greenhouse gas emission rights* | | |
| ➢ Commitments given – compensation | 602 | 1,289 |
| ➢ Commitments received – total allocations for the period | 1,254 | 713 |
| ➢ Commitments received – annual allocations yet to be obtained | – | 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 | H1 2012 | H1 2011 |
|---|---|---|
| Consolidated net income/(loss) excluding goodwill amortisation | -2,796 | 520 |
| Goodwill impairment | – | – |
| Income taxes | -39 | 645 |
| Deferred taxes | 302 | 185 |
| **Consolidated tax base** | -2,533 | 1,350 |
| Tax rate applicable to parent company | 33.33% | 33.33% |
| **Theoretical tax expense** | **-844** | **450** |
| Tax assets not withheld on foreign companies | 848 | 532 |
| Tax rate differences | -33 | -30 |
| Tax adjustments | -357 | -1,388 |
| Tax debits and credits | 649 | 1,449 |
| Other effects | – | -183 |
| **Actual tax expense** | **263** | **830** |

| | | |
|---|---|---|
| Income taxes | -39 | 645 |
| Deferred taxes | 302 | 185 |
| **Tax expense in the consolidated financial statements at closing** | **263** | **830** |

## 2.11 Group staff and employee benefits

| Average staff | 30/06/2012 | 30/06/2011 |
|---|---|---|
| Management | 471 | 443 |
| Employees | 762 | 804 |
| Labourers and other salaried workers | 1,993 | 2,057 |
| **Total** | **3,226** | **3,304** |

| | | |
|---|---|---|
| Expenses recorded for defined contribution schemes (€000) | 21,295 | 21,556 |

## 2.12 Financial income and expenses

| €000 | H1 2012 | H1 2011 |
|---|---|---|
| Equity interests and income from other financial assets | 12 | 14 |
| Income from other receivables and marketable securities | 414 | 241 |
| Other financial income | 100 | 116 |
| Financial instruments – change in fair value | 76 | 405 |
| Reversal of provisions and write-downs | 27 | 1,177 |
| Foreign exchange differences | 971 | 1,005 |
| Net gain on sale of marketable securities | 42 | 32 |
| **Total financial income** | **1,642** | **2,990** |
| Increase in provisions and write-downs | | 2 |
| Interest and financial expenses | 401 | 1,578 |
| Financial expenses on financial leases | 4 | 1 |
| Foreign exchange differences | 718 | 1,663 |
| Other financial expenses | 260 | 330 |
| Net expenses on sales of marketable securities | | |
| **Total financial expenses** | **1,383** | **3,574** |

## 2.13 Related parties

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

| *€000* | H1 2012 | 2011 |
|---|---|---|
| ***Balance sheet*** | | |
| Interest-bearing debt: loans | 16,500 | 16,000 |
| Short-term portion of interest-bearing debt | 500 | 500 |
| ***Income statement*** | | |
| Financial expenses | 84 | 251 |
| Fees | 572 | 1,095 |
| Locations | 2,658 | 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 the managers of the Group amounted to €855,000.
No benefits are granted to managers of the Group aside from retirement commitments calculated pursuant to the rules applicable to the entire workforce.

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

## 3. SEGMENT INFORMATION

Correspondence with the consolidated balance sheet:

- "Other assets allocated" includes Inventories and Advances
- "Unallocated assets" consists of Taxes receivable and Deferred tax assets

## ➢ Segment information by business– H1 2012 (30/06/2012)

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

## ➢ Segment information by region – H1 2012 (30/06/2012)

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

## ➢ Segment information by business – H1 2012 (30/06/2011)

| €000 | Paper | Processing | Intersegment transactions | Total |
|---|---|---|---|---|
| *Segment income statement* | | | | |
| Revenues | 143,992 | 189,226 | -62,240 | 270,978 |
| Amortisation (net of reversals) | 5,888 | 6,223 | | 12,111 |
| Write-downs and provisions | 64 | -2,171 | | -2,107 |
| Operating profit/(loss) (excl. goodwill) | 2,540 | -257 | -349 | 1,934 |
| Goodwill impairment | | | | – |
| *Segment assets* | | | | |
| Net tangible and intangible assets | 114,790 | 107,967 | | 222,757 |
| *o/w investments* | *5,196* | *8,310* | | *13,506* |
| Goodwill | | 11,563 | | 11,563 |
| Trade receivables | 49,221 | 123,002 | -33,028 | 139,195 |
| Other receivables | 4,562 | 10,225 | -310 | 14,477 |
| *Balance sheet total* | *53,783* | *133,227* | *-33,338* | *153,672* |
| Other assets allocated | 65,418 | 131,869 | -2,440 | 194,847 |
| *Unallocated assets* | | | | *1,515* |
| Total assets | 233,991 | 384,626 | -35,778 | 584,354 |
| *Segment liabilities* | | | | |
| Current provisions | 531 | 2,490 | | 3,021 |
| Trade payables | 26,677 | 67,351 | -33,019 | 61,009 |
| Other liabilities | 21,874 | 33,941 | -612 | 55,203 |
| *Unallocated liabilities* | | | | *0* |
| Total liabilities | 49,082 | 103,782 | -33,631 | 119,233 |

## ➢ Segment information by region – H1 2011 (30/06/2011)

| €000 | France | Europe | Outside Europe | Total |
|---|---|---|---|---|
| Revenues | 175,083 | 80,834 | 15,061 | 270,978 |
| Net tangible and intangible assets | 209,589 | 8,039 | 5,129 | 222,757 |
| *o/w investments* | *11,824* | *826* | *856* | *13,506* |
| Goodwill | 11,563 | | | 11,563 |
| Trade receivables | 121,891 | 13,981 | 3,323 | 139,195 |
| Other receivables | 12,541 | 778 | 1,158 | 14,477 |
| *Balance sheet total* | *134,432* | *14,759* | *4,481* | *153,672* |
| Other assets allocated | 179,258 | 9,174 | 6,415 | 194,847 |
| *Unallocated assets* | | | | *1,515* |
| Total assets | 534,842 | 31,972 | 16,025 | 584,354 |

# Exacompta Clairefontaine S.A.

## Certification
## of the half-year financial report

I hereby certify that, to the best of my knowledge, the financial statements for the six months ended 30 June 2012 have been prepared in accordance with applicable accounting standards and give 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 half-year activity report enclosed herein gives a true and fair view of the major events that occurred during the first half of the year, the impact thereof on the financial statements and the main related party transactions entered into during the period, as well as a description of the main risks and uncertainties applicable to the remaining six months of the year.

Jean-Olivier Roussat
Executive Vice President

# Exacompta Clairefontaine S.A.

## Statutory Auditors' Report
## on the half-year financial information

**SEREC AUDIT**
21, rue Leriche
75015 PARIS

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

**EXACOMPTA CLAIREFONTAINE**

# STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2012

To the Shareholders,

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

- performed a limited review of the consolidated half-year financial statements of **EXACOMPTA CLAIREFONTAINE** for the period from 1 January to 30 June 2012, which are appended to this report;

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

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

## 1. Opinion on the financial statements

We performed our limited review in accordance with professional standards applicable in France. A limited review consists primarily of making inquiries of the members of the management responsible for accounting and financial matters and applying analytical procedures. The work is of limited scope compared to the work required for an audit performed in accordance with auditing standards applicable in France. Accordingly, the assurance obtained from a limited review that the financial statements, taken as a whole, are free from material misstatement, is a lower level of assurance than that obtained from an audit.

On the basis of our limited review, we did not identify any material misstatements that cause us to question, with regard to IFRS as adopted by the European Union, the validity and accuracy of the consolidated half-year financial statements and the fact that they give a true and fair view of the assets, financial position and results of the company and all the companies included in the consolidation for the six months ended 30 June 2012.

## 2. Specific verifications

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

Signed in Paris, 31 August 2012

The Statutory Auditors

SEREC AUDIT

**Benoît Grenier**

BATT AUDIT

**Pascal François**