EXACOMPTA CLAIREFONTAINE

ORDINARY SHAREHOLDERS' MEETING

OF 26 MAY 2011

FISCAL YEAR 2010

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

REGISTERED OFFICE: 88480 ETIVAL CLAIREFONTAINE (VOSGES), FRANCE
SHARE CAPITAL €4,525,920
Telephone: +33(0)3 29 42 42 42 Fax +33 (0)3 29 42 42 00 Website: http:www.exacomptaclairefontaine.fr
TRADE AND COMPANIES REGISTRY No. B 505 780 296 FRENCH BUSINESS REGISTRATION No. (SIRET): 505 780 296
FRENCH INDUSTRY CLASSIFICATION (NAF): 7010Z

Board of Directors

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

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

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

Jérôme Nusse
Chairman, Editions Quo Vadis

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

Statutory Auditors

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

SEREC AUDIT, 75015 Paris, France.
Benoît Grenier

Contents:

page

ORDINARY SHAREHOLDERS' MEETING

<u>Agenda</u>:

- Report of the Board of Directors on operations and the parent company financial statements for fiscal year 2010;
- Report of the Board of Directors on operations and the consolidated financial statements for fiscal year 2010;
- Reports of the statutory auditors on the financial statements for this fiscal year and on the operations governed by Articles L.225-38 and L.225-235 of the French Commercial Code;
- Approval of the parent company financial statements for the year ended 31 December 2010;
- Approval of the consolidated financial statements for the year ended 31 December 2010;
- Allocation of earnings;
- Agreements governed by Article L.225-38 of the French Commercial Code;
- Discharge of the Directors. Approval of the directors' fees allocated to the members of the Board of Directors;
- Director appointments.

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 26 MAY 2011

To the Shareholders,

1. REVIEW AND APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS

(€000)	**2010**
Operating revenue	9,308
Operating profit	250
Financial income	2,957
Net income	3,261

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

It is also responsible for the Group's financial management, consolidation, legal and tax services, communications and relations with shareholders. It coordinates actions taken relating to environmental certification.

It posted operating profit of €250,000 compared to €580,000 in 2009.

The net income of the parent company EXACOMPTA CLAIREFONTAINE was €3,261,000 in 2010 compared to €15,835,000 in 2009.

The amount of non-tax deductible expenses was €5,870.

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

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

INCOME FOR THE LAST FIVE YEARS IN EUROS

Closing date **Duration of the year (in months)**	**31/12/2010** **12**	**31/12/2009** **12**	**31/12/2008** **12**	**31/12/2007** **12**	**31/12/2006** **12**
CAPITAL AT YEAR END					
Share capital	4,525,920	4,525,920	4,525,920	4,525,920	4,525,920
Number of shares of common stock	1,131,480	1,131,480	1,131,480	1,131,480	1,131,480
OPERATIONS AND RESULTS					
Revenue before tax	2,126,168	2,075,703	2,020,024	1,155,501	395,671
Income before taxes, profit-sharing, depreciation, amortisation and provisions	4,157,908	14,346,176	3,119,125	(948,950)	2,660,784
Income taxes	(174,881)	(2,406,456)	(4,016,659)	(2,273,317)	(4,454,216)
Net depreciation, amortisation and provisions	1,071,636	917,296	250,814	226,912	104,338
Net income	3,261,153	15,835,336	6,884,970	1,097,455	7,010,661
Distributed income	1,131,480	2,036,664	2,036,664	2,262 ,960	2,262,960
EARNINGS PER SHARE					
Income after taxes and profit-sharing and before depreciation, amortisation and provisions	4	15	6	1	6
Income after taxes, profit-sharing, depreciation, amortisation and provisions	3	14	6	1	6
Dividend paid	*1	1.80	1.80	2	2
PERSONNEL					
Average number of employees	48	57	60	61	53
Payroll	3,900,675	4,237,840	4,629,187	4,469,507	4,275,718
Sums paid in employee benefits (social security and charitable organisations, etc.)	1,480,837	1,620,311	1,730,248	1,647,595	1,758,007

* Dividend proposed

SCHEDULE OF TRADE PAYABLES

Schedule in days					
	Total payables	**Payables due**	**Payables not yet due**		
31/12/2010			1 to 30 days	31 to 60 days	+ 60 days
Trade payables	1,013	12	876	125	–
Suppliers - fixed assets	1	–	1	–	–
Total	**1,014**	**12**	**877**	**125**	**–**
31/12/2009					
Trade payables	1,005	23	948	34	–
Suppliers - fixed assets	–	–	–	–	–
Total	**1,005**	**23**	**948**	**34**	**–**

SHARE AND SHAREHOLDER INFORMATION

The share listed at €102 on 4 January 2010 and closed the year at €80.90 (-20.7%). During the same period, the SBF 250 gained 4% and the CAC 40 lost 3.35%. The number of shares traded during the year was 9,629.

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 2010.

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

2. REVIEW AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2009

2.1 RESULTS

(€000)	2010
Income from continuing activities (Revenue)	537,440
Operating profit	7,459
Net income before income tax	6,899
Net income after income tax	3,186
Minority interests	< 1 >
Group share	3,187

In 2010, the consolidated cash flow of the Exacompta Clairefontaine Group was €31,587,000 and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) was €32,318,000, compared to €34,649,000 and €39,827,000 respectively in 2009.

The Group had 3,230 employees in 2010, compared to 3,299 in 2009.

2.2 PRINTING AND WRITING PAPERS

In 2009, the global economic crisis led to a 12.1% fall in sales of uncoated papers in France. These papers are destined primarily for office use and the manufacture of paper articles. This trend began to reverse at the end of 2009, but average growth in 2010 was only 1.6%.

The benchmark pulp price (NBSK) rose from USD 600/tonne at the beginning of 2009 to USD 980/tonne mid-year, falling back slightly at the end of 2010. The explosion of commercial pulp prices was the most disconcerting phenomenon of 2010 for manufacturers who do not produce their own pulp. Despite an increase of around 10% in paper prices according to the INSEE index, these producers' profit margins were severely curtailed

Our paper manufacturing department was not spared this decline in profitability, as our price increases were kept within reasonable limits given the situation of our clients.

Our four plants produced a total of 218,548 tonnes in 2010, 5.3% up on 2009. Production capacity using recycled papers was increased from 30,000 to 40,000 tonnes.

2.3 PAPER ARTICLES

The consumption of paper articles decreased by 2% in 2009, and rose again by 0.5% in 2010 (source: I + C - *Institut européen d'informations et de conjonctures professionnelles*)[1]. Superstores and specialist chains have benefited the most from the recovery.

Manufacturers' sales improved in mid-2010, although deliveries were disrupted by December's adverse weather conditions. Considering the year as a whole, the envelopes sector levelled out after several years of decline. Sales increased slightly in the other product ranges, such as filing articles, diaries, exercise books and prints.

The increases in paper and plastic raw material costs have not been fully reflected in our sales prices.

The three Group departments that specialise in this sector are registering a growth of activity. Articles manufactured from recycled materials are doing particularly well. The shrinking of profit margins has been partly offset by the productivity gains achieved through our investments.

2.4 FINANCIAL POSITION

2.4.1 Debt

At 31 December 2010, with revenue of €537,440,000, the Group's financial debt (excluding parent company loans) was €40,752,000, and shareholders' equity totalled €364,044,000.

In order to provide for its growth, the Group has negotiated a €155 million line of credit with its banks. As at 31 December 2010, this line was unused.

With cash of €54,834,000, allowing it to finance, among other things, a portion of its investments, the Group had net financial debt of €14,082,000 at 31 December 2010.

2.4.2 Financial instruments

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

[1] Translator note: French market research firm.

2.4.3 Management of financial risk

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

Credit risk

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

- Trade and other receivables

The credit risk is not significant. It is distributed over a large number of customers. The Group has set up tools to monitor outstanding amounts and, in addition, the risk is limited by credit insurance policies.

- Investments

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

Liquidity risk

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

Foreign exchange risk

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

2.5 RELATED PARTIES

The consolidated financial statements include transactions performed by the Group with 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)
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, Châtelles Transformation

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

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

Jérôme Nusse
Chairman, Editions Quo Vadis

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

3. PROPOSED RESOLUTIONS

3.1 3.1 ALLOCATION OF INCOME

Income to be allocated (in euros):
Net income for 2010 .... €3,261,153.44

We propose the following allocation:

* First dividend	€226,296.00
* Second dividend	€905,184.00
Total dividends	€1,131,480.00
* Allocation to retained earnings	€629,673.44
* Allocation to other reserves	€1,500,000.00
TOTAL ALLOCATED	€3,261,153.44

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

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

Year	Dividend	Number of shares
2007	2.00	1,131,480
2008	1.80	1,131,480
2009	1.80	1,131,480

The Board of Directors proposes that the amount of €798,671.52 be transferred from the statutory reserve to other reserves.

After the allocation, the statutory reserve is €452,592.00, or one-tenth of the share capital, the amount stipulated by the Memorandum and Articles of Association.

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 2011.

3.3 DIRECTORS

The term of Jean-Marie Nusse is expiring. We propose that you renew his term of office for 6 years. His appointment will end at the conclusion of the Shareholders' Meeting to which the financial statements for fiscal year 2016 are submitted.

The term of Dominique Daridan is expiring. We propose that you renew his term of office for 6 years. His appointment will end at the conclusion of the Shareholders' Meeting to which the financial statements for fiscal year 2016 are submitted.

4. POST-CLOSING EVENTS

No significant events occurred between 1 January and 29 March 2011.

5. RESEARCH AND DEVELOPMENT

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

6. PRODUCTION AND OPERATING SAFETY

The industrial units of the EXACOMPTA CLAIREFONTAINE Group receive advice from a consultant engineer to help in the improvement of their production and operating conditions. Furthermore, several units now have an in-house support function to manage and coordinate safety procedures based on their specific operations.

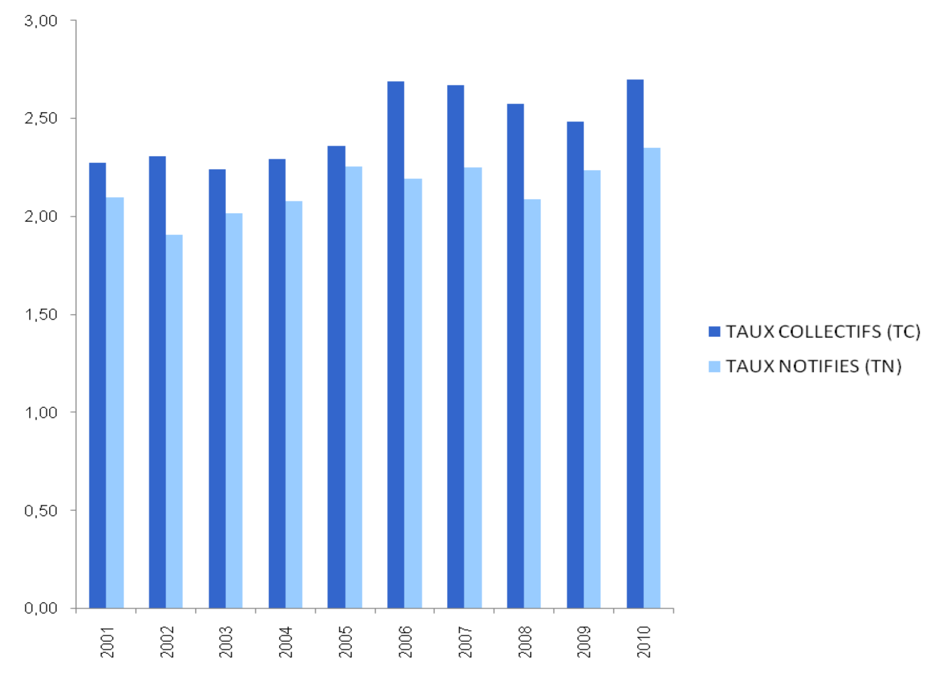
To help these units improve technical, organisational and workforce-related procedures relevant to risk prevention, general and specific communications activities are carried out.

Information on performance indicators is regularly distributed through periodic notices.

The statistics show an overall improvement trend in the results and indicators reported. Our results are generally better than those of the industry at large and are improving in the long run, although results vary among units.

To build on the measures taken to date and in order to make on-going improvements, an audit of existing organisational procedures was carried out in order to help the monitored units develop their own Safety Management Systems (SMS).

Units whose System Management System has been certified by a recognised authority are gradually integrating different Quality Safety and Environment (QSE) aspects into their systems in order to rationalise the existing resources and in the long run achieve an Integrated Management System (IMS).



Graph comparing the evolution of the Group Rates of industrial accidents and occupational illnesses as published by the monitored units with that of the Industry Rate.

[Translation of graph: TAUX COLLECTIFS (TC) = INDUSTRY RATES
TAUX NOTIFIES (TN) = GROUP RATES)]

7. EMPLOYMENT INFORMATION

The Exacompta Clairefontaine Group had 3,230 employees at 31 December 2010, compared to 3,299 in 2009.

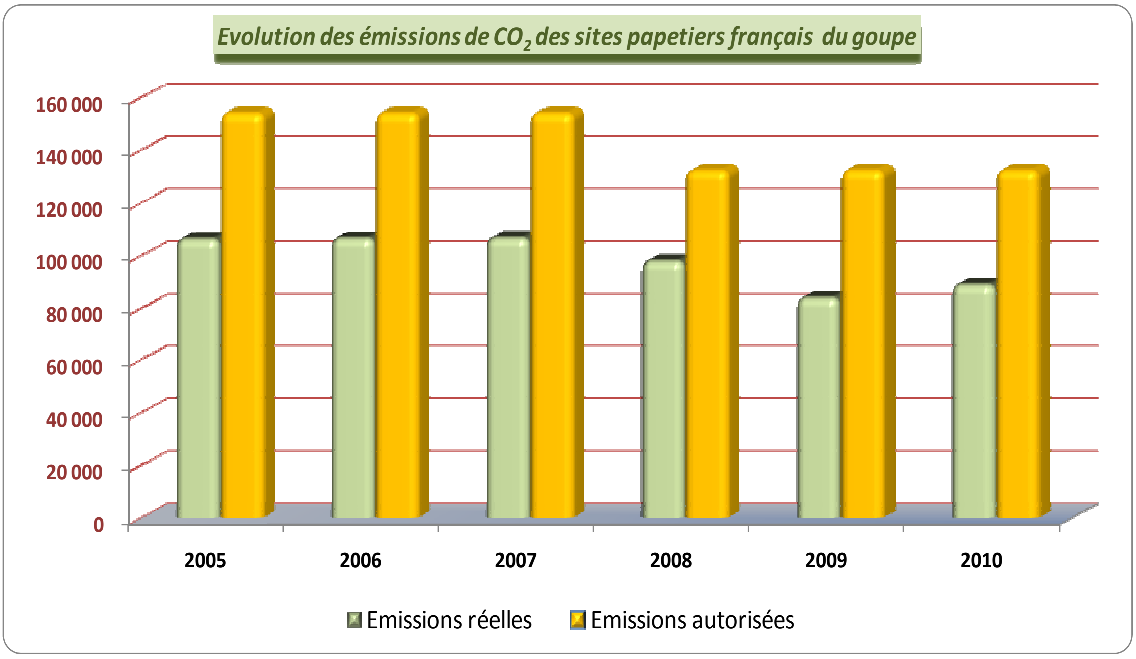
The companies apply the collective agreement for the production of papers, cardboard and cellulose, or the collective agreement for paper articles.

The Group's Works Council, which met on 22 June 2010, commented on the activity and the economic and employment outlook for the year.

8. ENVIRONMENTAL INFORMATION

Carbon dioxide (CO_2) emissions at French paper sites

Site	Emissions in tonnes of CO_2		Change
	2010	2009	
CLAIREFONTAINE	70,303	65,248	↑ 7.75 %
MANDEURE	9,811	9,622	↑ 1.96 %
EVERBAL	9,075	9,433	↓ 9.80 %
Total	**89,189**	**84,303**	**↑ 5.80 %**



[Translation of graph:
"Evolution des émissions de CO2 des sites papetiers français du groupe" =
"Carbon dioxide (CO_2) emissions at the Group's French paper sites"
"Emissions réelles" = "Actual emissions"
"Emissions autorisées" = "Authorised emissions"]

The increased activity in 2010 led to a rise in CO_2 emissions at sites that rely wholly on fossil fuels for the production of steam and electricity (Papeteries de Clairefontaine and Papeterie de Mandeure).

2010 was the first full year of operation for the biomass boiler at Everbal. The level of fossil-based CO_2 emissions continues to fall at this site.

Building housing the biomass boiler - EVERBAL

Environmental certifications

➔ ISO 14001 - Environmental Management:

- ***Papeteries de Clairefontaine*** (2001) - Etival-Clairefontaine (88)[2]
- ***Papeterie de Mandeure*** (2003) - Mandeure (25)
- ***Everbal*** (2006) - Evergnicourt (02)
- ***Quo-Vadis*** (2007) - Carquefou (44)
- ***Ernst Stadelmann*** (2008) - Eferding (Austria)
- ***Papeteries Sill* (2009)** - Wizernes (62)
- ***Imprimerie Raynard* (2009) -** La Guerche de Bretagne (35)
- ***Exaclair Ltd (2009)*** - King's Lynn (UK)

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

Environmental logos and labels:

A number of production and processing sites are also entitled to use certain environmental logos, including NF Environnement, Blue Angel, APUR and Imprim'Vert.

APUR

Examples of the Group's commitment to the environment

The companies in the Exacompta Clairefontaine Group continue their efforts to improve the environment.

[2] Translator note: number in parentheses indicates French *département.*

QUO VADIS is particularly active in this respect. Throughout the year, the company implemented a number of measures to improve energy efficiency and reduce the carbon footprint of the Carquefou site:

- Oil burners in one boiler replaced by natural gas burners;
- One oil burner replaced by a reversible air/water heat pump;
- Recycled materials incorporated into plastic covers (30% in PVC and 100% in PP covers);
- Detection of compressed air leaks and subsequent 5% reduction in compressor electricity consumption.

Heat pump – QUO-VADIS

9. OUTLOOK

9.1 PAPER:

The year started on a good note as far as Paper was concerned, as the demand for printing and writing papers appeared to continue its recovery. This trend soon reversed, and all the signs shown by the European market make a real improvement in demand in 2011 unlikely.

At the same time, the prices of raw materials such as pulp remain very high and are clearly under pressure to rise further: this applies to both long-fibre and short-fibre pulp. The same pressure applies to starches and other fillers used in the paper industry.However, in the medium term the weakness of the paper market could reverse the trend in the pulp market.

Political unrest and severe weather phenomena around the world will also push energy price upwards and slow down growth.

This global situation will have an adverse effect on the demand for printing and writing paper and on profits.

Papeteries de Clairefontaine is gearing its production more towards specialty products, strong papers, bright colours and Digital Colour Printing and is reaping the rewards of the investment strategy it has pursued over the previous years.

The 2011 investment plan is ambitious, being geared towards flexibility on paper markets.

The Biomass project has been put on hold pending the application of new administrative procedures. This will postpone roll-out until after 2012.

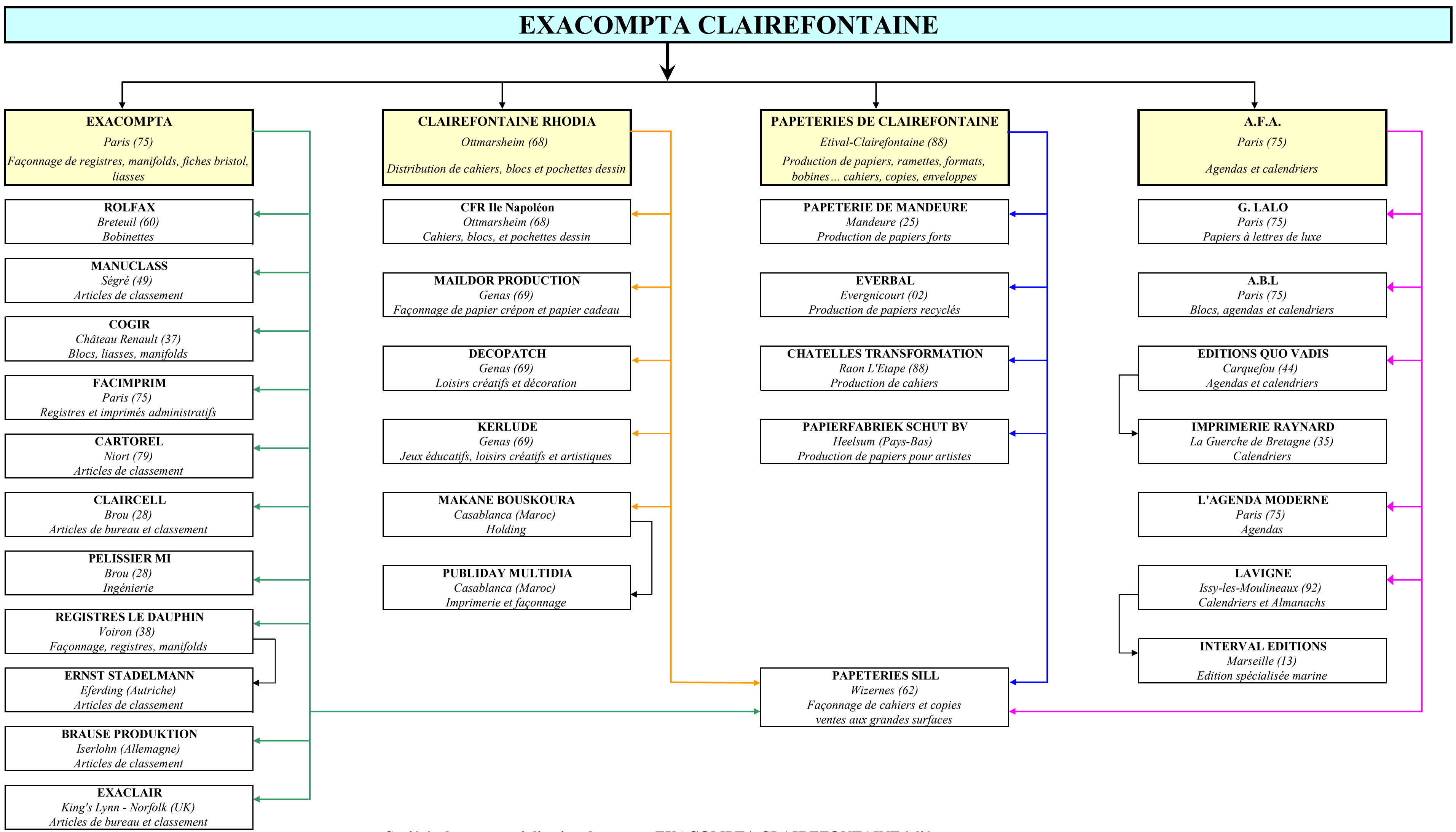
9.2 PROCESSING

The stationery market continued to improve at the start of this year. This recent development continues last year's trend, with more purchases from professional customers owing to the acceleration of industrial activity.

The school market remains stable and the leisure market should continue to improve despite prevailing household pessimism.

The processing sector is likely to see several price hikes in response to rising paper and other raw material prices. Transport costs will also have a significant impact on overall costs.

ORGANIGRAMME DU GROUPE



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

EXACLAIR et RODECO (DE)
EXACLAIR (ES)
EXACLAIR (BE)
EXACLAIR (US)
EXACLAIR (PL)
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

Year ended 31 December 2010

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 expire at the end of the year stated:

François Nusse, whose term expires in 2013

Jean-Claude Gilles Nusse, whose term expires in 2014

Jean-Marie Nusse, whose term expires in 2010

Guillaume Nusse, whose term expires in 2015

Jérôme Nusse, whose term expires in 2015

Frédéric Nusse, whose term expires in 2015

Charles Nusse, whose term expires in 2011

Dominique Daridan, whose term expires in 2010

Ets Charles Nusse, represented by Monique Prissard, whose term expires in 2015

The Chairman and Chief Executive Officer, who is the Chairman of the holding company Ets Charles Nusse, which manages the Group, and of SAS Exacompta and its subsidiaries, is backed by two Executive Vice Presidents and directors and a non-director Executive Vice President.
The Board has placed no limitations on the powers of the Chairman and Chief Executive Officer or the other Chief Executive Officers.

The Statutory Auditors are called to the meetings of the Board of Directors that draw up the annual and interim financial statements and to all meetings that review the financial statements.

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

The Board has met four times since 1 January 2010. The Board meeting of 12 April drew up the financial statements for the previous year and prepared the Shareholders' Meeting. The meeting of 31 August reviewed the interim position, particularly the economic environment at the beginning of the year, the interim operating statements and other specific items.
One or more additional Board meetings are held if circumstances require, particularly in the event of possibilities for significant acquisitions. Decisions are made by consensus under these circumstances, although this approach is not expressly stipulated in the articles of association; this is also the approach used for the main industrial investments.
The April and August Board meetings were followed by a report to all shareholders.

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

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

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

3. Corporate Governance

Audit Committee:
The Audit Committee is represented by the Board of Directors 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-based 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 2010. This was approved by a decision of the Shareholders' Meeting of 27/05/2010.

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 companies of the Group may be summarised as follows:

- accounting and financial
  - → preparation of projected financial statements
  - → budget monitoring
  - → monitoring of intra-Group revenue
  - → intra-Group accounting 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:
- they are either a hedging transaction that reduce the risk of a change in the value of an asset or liability or a commitment or future transaction not yet realised with which they are related,
- or they are purely financial in nature in the case of additional outstanding debt.

- in other areas, a number of regular reports are prepared:
  - → production reports
  - → monitoring of monthly and year-to-date industrial results
  - → ISO 9000 and ISO 14000 certification
  - → safety
  - → PEFC and FSC audits.

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

The transactions contributing to the corporate activities of the Group and their presentation in the financial statements are verified, though not necessarily through the application of formalised procedures, by 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 (intra-Group reconciliations);
- SAP, MOVEX, NAVISION (accounting & finance);
- ZADIG (personnel management);
- EXCALIBUR (intranet).

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

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

The Chairman of the Board of Directors

Exacompta Clairefontaine S.A.

Parent Company Financial Statements as at 31 December 2010

BALANCE SHEET AND INCOME STATEMENT

ASSETS (€000)	31/12/2010	31/12/2009
Intangible assets		
Concessions, patents, licenses, trademarks	64	40
Intangible assets in progress		79
Property, plant and equipment		
Land	3,602	3,602
Buildings	12,023	12,788
Other tangible assets	4	4
Property, plant and equipment in progress		
Non-current financial assets		
Equity interests	299,240	299,240
Other non-current securities		
Loans	29,010	36,295
Other financial assets	4	4
TOTAL NON-CURRENT ASSETS	**343,947**	**352,052**
Inventories	198	198
Advances and progress payments made on orders	77	41
Receivables		
Trade and intercompany receivables	2,499	2,767
Other receivables	78,802	77,671
Prepaid expenses	167	207
Cash and cash equivalents	2,084	1
TOTAL CURRENT ASSETS	**83,827**	**80,885**
Currency translation adjustment	265	249
TOTAL ASSETS	**428,039**	**433,186**

LIABILITIES AND SHAREHOLDERS' EQUITY (€000)	31/12/2010	31/12/2009
Share capital	4,526	4,526
Share, merger and contribution premiums	162,566	162,566
Revaluation discrepancy	485	485
Reserves		
Statutory reserve	1,251	453
Other reserves	154,921	141,920
Retained earnings		
Profit or (loss) for the year	**3,261**	**15,835**
Regulated provisions	2,266	2,108
SHAREHOLDERS' EQUITY	**329,276**	**327,893**
Provisions		
For contingent liabilities	78	45
For charges	328	321
TOTAL PROVISIONS	**406**	**366**
Financial debt		
Loans and debt with financial institutions	32,293	862
Operating payables		
Supplier and similar payables	1,063	1 023
Taxes and social security contributions payable	998	5,321
Other liabilities	63,769	97,481
Deferred income	47	36
TOTAL DEBT	**98,170**	**104,723**
Currency translation adjustment	187	204
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**428,039**	**433,186**

INCOME STATEMENT (€000)	31/12/2010	31/12/2009
Revenues	2,126	2,076
Operating subsidies	12	14
Reversals of depreciation, amortisation and provisions, transfer of charges	6,754	7,516
Other income	416	440
REVENUE FROM OPERATIONS	**9,308**	**10,046**
Purchases and other supplies	6	8
Other purchases and external expenses	2,310	2,338
Taxes, duties and similar payments	361	329
Salaries and wages	3,901	4,238
Social security contributions	1,481	1,620
Increases in depreciation/amortisation of non-current assets	847	832
Provision charges	86	34
Other expenses	66	67
OPERATING EXPENSES	**9,058**	**9,466**
OPERATING PROFIT/(LOSS)	**250**	**580**
Financial income from equity investments	2,438	12,601
Income from other securities and receivables from non-current assets	1,168	1,472
Other interest and similar income	890	1,413
Reversals of provisions, expense transfers	45	5
Positive currency translation adjustments	479	121
Net profit on sales of marketable securities		
FINANCIAL INCOME	**5,020**	**15,612**
Increases in depreciation, amortisation and provisions	105	45
Interest expense and similar expenses	1,746	2,340
Negative currency translation adjustments	212	200
Net expenses on sales of marketable securities		
FINANCIAL EXPENSES	**2,063**	**2,585**
FINANCIAL INCOME/(EXPENSE)	**2,957**	**13,027**
INCOME BEFORE TAXES	**3,207**	**13,607**
Extraordinary income		
On operating transactions		60
On capital transactions		53
Reversals of provisions, expense transfers	91	58
EXTRAORDINARY INCOME	**91**	**171**
Extraordinary expenses		
On operating transactions		
On capital transactions		49
Increases in depreciation, amortisation and provisions	212	300
EXTRAORDINARY EXPENSES	**212**	**349**
EXTRAORDINARY INCOME/(EXPENSE)	**-121**	**-178**
Income taxes	-175	-2,406
NET INCOME FOR THE YEAR	**3,261**	**15,835**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

KEY EVENTS OF THE YEAR

Introduction

Note to the balance sheet prior to allocation for the year ended 31/12/2010, for which:

- Total assets were: €428,038,937
- Net income was: €3,261,153

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 01/01/2010 to 31/12/2010.

The notes provided below form an integral part of these annual financial statements.

ACCOUNTING RULES AND METHODS

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

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

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

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

The principal methods used are as follows

Intangible assets

Amortisation was calculated using the straight line method, based on the 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 50 years
- Fixtures and building furnishings	10 to 20 years
- Office supplies and computers	3 to 10 years

Writedowns:

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

Non-current financial assets

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

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

Inventories

The purchase made in 1997 of 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 needs are financed by commercial paper issued in the market and spot loans. These totalled €32 million at year-end.
A fixed rate determined at the time of issue is paid on the commercial paper issued by Exacompta Clairefontaine, which has a fixed maturity and a maximum term of 365 days.
The maximum amount of commercial paper that may be issued was €125 million at year-end.

Line of credit:

A line of credit is in place with several banks for a maximum amount of €155 million, with maturities falling between 1 and 4 years. As at 31 December 2010, this line was unused.

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 €2,266,000 at year-end.

Provisions for contingent liabilities and charges

Provision for pensions:

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

- payments received pursuant to the collective agreement “Production of papers, cardboard and cellulose”
- discount rate: 3.39%
- 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 €176,000.

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 2010 totalled €175,000.

- *Individual training rights:*

At year end, employees had acquired 4,618 unused hours.

- *Staff:*

The average staff of the parent company totalled 48 persons in 2010 (2 administrative managers and 46 sales managers), compared to 57 persons in 2009.

- *Remuneration of administrative bodies and Management:*

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

The remuneration granted to the members of the Board of Directors as directors' fees totalled €60,000 in 2010, and was awarded by a decision of the Shareholders' General Meeting of 27/05/2010.

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 31/12/2009	**327,893**
Dividends distributed	-2,037
Change in regulated provisions	159
Income for fiscal year 2010	3,261
Shareholders' equity at 31/12/2010	**329,276**

Change in gross non-current assets

€000	Gross value at opening	Purchases	Sales	Other activity	Gross value at closing
Concessions, patents, licences	186	2		79	267
Intangible assets in progress	79			-79	
Intangible assets	**265**	**2**			**267**
Land	3,602				3,602
Buildings and fixtures	19,908	20			19,928
Other tangible assets	49	4			53
Property, plant and equipment in progress					
Property, plant and equipment	**23,559**	**24**			**23,583**
Equity interests	299,240				299,240
Other non-current securities					
Loans	36,295	1,190	8,448		29,037
Other financial assets	4				4
Non-current financial assets	**335,539**	**1,190**	**8,448**		**328,281**

Inventory of securities held in the portfolio

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

Change in depreciation/amortisation of non-current assets

€000	Provisions at year opening	Additions	Reversals	Other activity	Amounts at year end
Concessions, patents, licences	146	57			203
Intangible assets	**146**	**57**			**203**
Land					
Buildings and fixtures	7,120	785			7,905
Other tangible assets	45	4			49
Property, plant and equipment	**7,165**	**789**			**7,954**

Change in provisions and write-downs

€000	Provisions at year opening	Additions	Reversals (used)	Reversals (not used)	Amounts at year end
Accelerated depreciation/amortisation	2,108	212	54		2,266
Regulated provisions	**2,108**	**212**	**54**		**2,266**
Foreign exchange losses	45	78	45		78
Pensions and similar obligations	182	36	35	7	176
For taxes	139			37	102
Other provisions		50			50
Provisions for contingent liabilities and charges	**366**	**164**	**80**	**44**	**406**
Loans		27			27
Other assets					0
Write-downs	**0**	**27**			**27**

Increases and reversals		
○ operating	86	42
○ financial	105	45
○ extraordinary	212	91
Total	**403**	**178**

Receivables schedule

Receivables due (€000)	**Gross amounts**	**Less than 1 year**	**More than 1 year**
Receivables from non-current assets			
Loans	29,037	7,062	21,975
Other financial assets	4		4
Receivables from current assets			
Trade receivables	2,499	2,499	
Personnel and related	12	12	
Social entities	52	52	
Income taxes	1,524	1,524	
Value added tax	149	149	
Other tax receivables	11	11	
Group and associates	77,053	77,053	
Other receivables	1	1	
Prepaid expenses	167	167	
Total	**110,509**	**88,530**	**21,979**

Payables Schedule

Payables due – (€000)	**Gross amounts**	**Less than 1 year**	**From 1 to 5 years**
Loans and debts – Financial institutions	32,293	32,226	67
Suppliers and related	1,063	1,063	
Personnel and related	507	507	
Social entities	326	326	
Income taxes			
Value added tax	133	133	
Other taxes, duties and similar items	32	32	
Liabilities on non-current assets	1	1	
Group and associates	63,768	63,768	
Deferred income	47	47	
Total	**98,170**	**98,103**	**67**

Breakdown of prepaid expenses and deferred income

€000	**Prepaid expenses**	**Deferred income**
External expenses	129	
Financial transactions	38	47
Total	**167**	**47**

Breakdown of accrued liabilities and accrued income

€000	Accrued liabilities	Accrued income
Invoices not received/to be established	50	120
Tax and social security payables /receivables	623	11
Financial transactions	1	40
Total	**674**	**171**

Breakdown of transfer of charges

€000	Transfer of charges
Transfer of external charges	1,416
Transfer of personnel charges	5,128
Transfer of taxes & duties	168
Total	**6,712**

Extraordinary income and expenses

€000	31/12/2010	31/12/2009
Sale of property, plant and equipment		53
Sale of non-current financial assets		
Reversal of accelerated depreciation	54	58
Other extraordinary reversals	37	
Other income		60
Total extraordinary income	**91**	**171**
Sale of property, plant and equipment		49
Sale of non-current financial assets		
Increase in accelerated depreciation	212	213
Other extraordinary additions		87
Other expenses		
Total extraordinary expenses	**212**	**349**

Breakdown of income taxes

Breakdown – €000	**Income before tax**	**Taxes owed**	**Net income after tax**
Current income	3,207		3,207
Extraordinary income	-121		-121
Taxes receivable – tax consolidation		-175	175
Total	**3,086**	**-175**	**3,261**

Deferred and contingent tax position

€000	**Amount**
Tax on:	
Accelerated depreciation/amortisation	755
Total increases	755
Prepaid tax on:	
Paid holidays	104
Other	63
Total reductions	167
Net deferred tax position	**588**

Net contingent tax position	**0**

Financial instruments

Valuation:

The company uses derivatives products mainly to hedge against interest rate risks. Transactions performed to hedge exchange rate risks are insignificant.
The valuation of the financial instruments was -€1,112,000 as at 31/12/2010.

Interest rate risks:

In order to protect itself against changes in interest rates, the Group executed hedges in the form of interest rate swaps, cap and floor contracts.
The types of instruments that may be used, as well as the maximum risk levels incurred, are determined by the General Management. The risk is checked daily.

Portfolio of financial instruments at 31/12/2010:

Residual maturity (€000)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Rate swaps	5,378	17,588	825	23,791
Caps purchased	186	1		187
Floors sold	93	1		94
Total	**5,657**	**17,590**	**825**	**24,072**

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 regarding 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	**328,237**
Equity interests	299,240
Loans	28,997
Current Assets	**79,552**
Trade and intercompany receivables	2,499
Other receivables	77,053
Payables	**63,918**
Supplier and similar payables	150
Other liabilities	63,768
Financial income	**4,491**
Dividends	2,438
Financial expenses	**666**
Operating revenue	**9,105**
Finance leases	2,048
Other income	398
Transfer of charges	6,659

List of subsidiaries and equity interests – in euros

Direct subsidiaries in which more than 50% is held	% held Dividends received	Share capital Shareholders' equity	Shares Gross Amount Net Amount	Loans Advances
Papeteries de Clairefontaine 88480 ETIVAL CLAIREFONTAINE	100% 1,995,000	91,200,000 154,619,655	103,001,491 103,001,491	
Exacompta 138, Quai de Jemmapes 75010 PARIS	100%	2,160,000 80,863,230	115,692,905 115,692,905	5,767,857
Atelier de Fabrication d'Agendas 132, Quai de Jemmapes 75010 PARIS	100% 442,800	1,440,000 44,363,663	49,633,433 49,633,433	2,800,000
Clairefontaine Rhodia RD 52 68490 OTTMARSHEIM	100%	27,264,000 17,128,190	30,912,423 30,912,423	2,362,500

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

Exacompta Clairefontaine S.A.

Statutory Auditors' Reports

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

SEREC AUDIT	**BATT AUDIT**
Statutory Auditor	Statutory Auditor
Member of the Paris Institute of Statutory Auditors	Member of the Nancy Institute of Statutory Auditors
21 rue Leriche 75015 PARIS	25 rue du Bois de la Champelle 54500 VANDOEUVRE LES NANCY

Report of the Statutory Auditors on the annual financial statements

Year ended 31 December 2010

EXACOMPTA CLAIREFONTAINE S.A.

A French corporation (*société anonyme*)

88480 ETIVAL CLAIREFONTAINE

Year ended 31 December 2010

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In accordance with the assignment entrusted to us by your Shareholders' General Meeting, we present to you our report on the year ended 31 December 2010, concerning:

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

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

1 - Opinion on the 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 financial statements. It also consists of an assessment of the accounting principles followed, the significant estimates made and the presentation of the statements as a whole. We believe that the evidence we have gathered provides a reasonable basis for our opinion.

We certify that the 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 justification of our assessments, we provide you with the following information:

- **Equity interests**

The section entitled "Non-current financial assets" in the notes explains the methods used for valuing equity interests. Our work consisted in assessing the data and assumptions on which these estimates are 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 checks and information

We also performed the specific checks 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 situation and the annual financial statements.

As required by law, we herby 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 the information concerning the remuneration and benefits paid to corporate officers as well as the commitments of any kind made to them.

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, 22 April 2011

The Statutory Auditors

SEREC AUDIT

Benoît Grenier

BATT AUDIT

Pascal François

SEREC AUDIT	**BATT AUDIT**
Statutory Auditor	Statutory Auditor
Member of the Paris Institute of Statutory Auditors	Member of the Nancy Institute of Statutory Auditors
21 rue Leriche 75015 PARIS	25 rue du Bois de la Champelle 54500 VANDOEUVRE LES NANCY

Special report of the Statutory Auditors on the regulated agreements and commitments

Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2010

EXACOMPTA CLAIREFONTAINE S.A.
A French corporation (*société anonyme*)

88480 ETIVAL CLAIREFONTAINE

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

Pursuant to Article L.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments that were subject to the prior approval of your Board of Directors.

<u>Agreement with Exacompta and Clairefontaine Rhodia</u>

<u>Persons concerned</u>:

Mr François Nusse	○ Chairman and Chief Executive Officer of your company
	○ Chairman, Exacompta
Mr Guillaume Nusse	○ Director of your company
	○ Chairman, Clairefontaine Rhodia

Nature and purpose: Your Board of Directors authorised a Group communication management agreement with Exacompta and Clairefontaine Rhodia, effective as of 1 January 2010.

Conditions: For the year 2010, the following amounts were invoiced and paid by your company:

- €76,000 invoiced by Exacompta,
- €48,000 invoiced by Clairefontaine Rhodia.

In future years, the amounts invoiced will increase by 2% every year.

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 companies of the Exacompta Clairefontaine Group

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

Conditions: Since 1 January 2003, Exacompta Clairefontaine S.A. has received a fee from each of the companies of the Group equal to 0.2% of its value added for the previous year. For fiscal year 2010, the income recorded in the financial statements of Exacompta Clairefontaine was €397,912.

Agreement with Clairefontaine Rhodia

Nature and purpose: Exacompta Clairefontaine S.A. 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, 22 April 2011

The Statutory Auditors

SEREC AUDIT	BATT AUDIT
Benoît Grenier	Pascal François

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 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 2010

EXACOMPTA CLAIREFONTAINE S.A.
A French corporation (*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 2010

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In our role as statutory auditors of EXACOMPTA CLAIREFONTAINE S.A. and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we 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 2010.

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

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

Information concerning the internal control and risk management procedures for preparing and treating 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 *inter alia* involves:

- 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 comprises the other information required by Article L.225-37 of the French Commercial Code.

Executed in Paris and Vandœuvre-lès-Nancy, 22 April 2011

The Statutory Auditors

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

Exacompta Clairefontaine S.A.

Consolidated Financial Statements as at
31 December 2010.

Consolidated balance sheet

€000	31/12/2010	31/12/2009	Notes
NON-CURRENT ASSETS	**238,910**	**234,750**	
Intangible assets	12,813	12,852	(2.1.4)
Intangible assets – Goodwill	11,678	12,378	(2.1.4)
Property, plant and equipment	210,625	206,714	(2.1.5)
Financial assets	3,401	2,437	(2.1.6)
Deferred taxes	393	369	(2.4)
CURRENT ASSETS	**331,424**	**306,506**	
Inventories	158,243	138,497	(2.2.1)
Trade and other receivables	114,851	120,151	(2.2.2)
Advances	1,866	1,288	
Taxes receivable	1,630	234	
Cash and cash equivalents	54,834	46,336	(2.2.3)
TOTAL ASSETS	**570,334**	**541,256**	

SHAREHOLDERS' EQUITY	**364,044**	**362,141**	
Capital	4,526	4,526	
Reserves related to capital	249,403	235,604	
Consolidated reserves	107,728	119,105	
Currency translation reserve	-850	-1,603	
Profit/(Loss) – Group share	3,187	4,458	
Shareholders' equity – Group share	**363,994**	**362,090**	
Minority interests	50	51	
NON-CURRENT LIABILITIES	**64,700**	**72,432**	
Interest bearing debt	20,899	31,161	(2.6)
Deferred taxes	28,812	28,146	(2.4)
Provisions	14,989	13,125	(2.5)
CURRENT LIABILITIES	**141,590**	**106,683**	
Trade payables	48,618	44,388	
Short-term portion of interest-bearing debt	40,598	7,972	(2.6)
Provisions	3,924	2,525	(2.5)
Tax liabilities		3,940	
Other liabilities	48,450	47,858	(2.8)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**570,334**	**541,256**	

Consolidated Income Statement

€000	31/12/2010	31/12/2009	Notes
Income from ordinary activities	537,440	530,693	
- Sales of products	530,326	522,670	
- Sales of services	7,114	8,023	
Other operating income	14 344	12,714	
- Reversal of depreciation/amortisation	1,047	885	(2.1.4, 2.1.5)
- Subsidies	72	44	
- Other income	13,225	11,785	
Change in inventories of finished products and work-in-process	11,957	-14,523	(2.2.1)
Capitalised production costs	440	537	
Goods and materials used	-272,575	-231,137	(2.2.1)
External expenses	-87,774	-85,155	
Personnel expenses	-145,849	-149,662	(2.11)
Taxes and duties	-10,575	-13,493	
Depreciation/amortisation	-24,883	-25,241	(2.1.4, 2.1.5)
Other operating expenses	-15,066	-11,237	
OPERATING PROFIT – before amortisation of goodwill	**7,459**	**13,496**	
Amortisation of goodwill	-800	-2,006	(2.1.4, 2.1.1)
OPERATING PROFIT – after amortisation of goodwill	**6,659**	**11,490**	
Financial income	4,374	3,155	
Financial expenses	-4,134	-4,605	
Financial income	240	-1,450	(2.12)
Income taxes	-3,713	-5,587	(2.4, 2.10)
Income after tax	**3,186**	**4,453**	

Net income – minority share	**-1**	**-5**
Net income – Group share	**3,187**	**4,458**

Income for the period	3,187	4,458	
Number of shares	1,131,480	1,131,480	(2.3)
EARNINGS PER SHARE (basic and diluted)	**2.82**	**3.94**	

Combined income statement

€000	31/12/2010	31/12/2009
Net income for the period	**3,186**	**4,453**
Currency translation differences resulting from the conversion of foreign entities' financial statements	753	471
Losses from the buyback of minority interests		-169
Total combined income	**3,939**	**4,755**
Attributable to:		
- minority interests	-1	147
- the Group	3,940	4,608

Statement of changes in consolidated shareholders' equity

€000	Shareholders' equity – Group share	Shareholders' equity – minority share	Total shareholders' equity
Balance at 31/12/2008	**359,509**	**-86**	**359,423**
Currency translation difference	469	2	471
Sale of shares to Group – reclassification of minority interests	-319	150	-169
Other changes			
Total from operations that did not affect earnings	150	152	302
Profit/(Loss) for the year	4,458	-5	4,453
Dividends	-2,027	-10	-2,037
Balance at 31/12/2009	**362,090**	**51**	**362,141**
Currency translation difference	753		753
Other changes	1		1
Total from operations that did not affect earnings	754		754
Profit/(Loss) for the year	3,187	-1	3,186
Dividends*	-2,037		-2,037
Balance at 31/12/2010	**363,994**	**50**	**364,044**

* €1.80 per share.

Statement of consolidated cash flows

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

€000	31/12/2010	31/12/2009	Notes
Cash and cash equivalents in assets	54,834	46,336	(assets)
Bank overdrafts payable on demand	-40,157	-7,354	(2.6)
Accrued interest on financial debt			(2.6)
Cash in statement of changes in cash flow	**14,677**	**38,982**	

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

Change in cash flows

€000	31/12/2010	31/12/2009	Notes
Total consolidated net income	**3,186**	**4,453**	
Elimination of operating expenses and income that do not affect cash or which are not related to operations:			
• Depreciation, amortisation and provisions	27,508	29,817	(2.1.4 to (2.4)
• Change in deferred taxes	666	27	
• Gains on sales, net of taxes	-527	50	
• Currency translation adjustments	753	471	
• Other	1	-169	
Cash flow of consolidated companies	*31,587*	*34,649*	
• Change in working capital requirements for operations	-10,229	40,420	Balance sheet
• Change related to income taxes	-12,837	9,757	
• Income taxes paid	7,501	-2,568	
(1) Net cash flow from operating activities	**16,022**	**82,258**	
• Purchases of fixed assets	-34,090	-29,033	
• Sales of fixed assets	6,337	5,094	(2.1.4 to
• Effect of changes in consolidation– purchases	-100	-607	
• Effect of changes in consolidation– sales		617	
(2) Cash flow from investing activities	**-27,853**	**-23,929**	
• Dividends paid	-11,986	-20,812	(Change in shareholders ' equity)
• Dividends received	9,949	18,775	
• Borrowings	1,016	3,955	
• Loans repaid	-10,763	-35,041	
• Interest paid	-1,016	-955	
• Interest received	326	193	
(3) Cash flow from financing activities	**-12,474**	**-33,885**	
(1+2+3) Total cash flow	**-24,305**	**24,444**	

Opening cash	38,982	14,538
Closing cash	14,677	38,982
Change in cash	**-24,305**	**24,444**

Presentation of the consolidated financial statements

1- General principles – statement of conformity

The consolidated financial statements of the EXACOMPTA CLAIREFONTAINE Group were prepared in accordance with the IFRS (International Financial Reporting Standards), as adopted within the European Union.
The consolidated financial statements of the Exacompta Clairefontaine Group were prepared by the Board of Directors on 29/03/2011. They will not be final until they have been approved by the Shareholders' Meeting.

2- Adoption of international standards

➢ Mandatory standards and amendments in 2010:

- Revised IFRS 3 - *Business Combinations*
- Revised IAS 27 – *Consolidated and Separate Financial Statements*
- Amendment to IFRS 2 – *Group Cash-settled Share-based Payment Transactions*
- Amendment to IFRS 5 – *Classification of non-current assets (or disposal groups) held for sale*
- Amendment to IAS 39 –*Eligible Hedged Items*
- Improvements to International Financial Reporting Standards (IFRS) – *Commission Regulation (EU) No 243/2010 of 23 March 2010*

The application of these standards and amendments to the consolidated financial statements issued on 31 December 2010 did not have a material impact on the Group's financial statements.

➢ Standards and amendments adopted by the European Union in 2010 for which application is not mandatory:

- Amendment to IAS 32 – *Classification of Rights Issues*
- Revised IAS 24– *Related Party Disclosures*

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*
- Amendment to IFRS 7 – *Disclosures - Transfers of Financial Assets*

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. As a result, the accounting treatment applied is described in note 8. This treatment is being used provisionally while waiting for a definitive IASB position.

3- Bases of preparation of the financial statements

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

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

The accounting methods described below have been applied on an ongoing basis to all the periods presented in the consolidated financial statements. 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. Contingent gains arising from transactions with affiliates are eliminated in the proportion of the Group's ownership percentage.
Contingent losses are eliminated in the same way, but only if they do not represent a loss in value.

5- Foreign currencies

The individual financial statements of each of the Group's entities are presented in the currency of the economic environment in which that entity operates. For the purposes of the consolidated financial statements, the profit or loss and the financial position of each entity are stated in euros, which is the functional currency of Exacompta Clairefontaine 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 as of the year-end date are converted to euros at the exchange rate in effect on that date. The currency translation differences resulting from this conversion are recorded in the income statement as income or expense, as applicable.

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

6- Business combinations

Acquisitions of subsidiaries are recorded using the acquisition method set forth in 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 a separate asset.
All current service and maintenance costs are recorded as expenses at the time they are incurred.

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

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

- Land	not depreciated
- Buildings	25 to 40 years
- Fixtures and furnishings	10 to 20 years
- Technical installations and equipment	10 to 20 years
- Other office supplies and computers	3 to 10 years

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

8- Intangible assets

Research and development costs

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

Greenhouse gas emission rights

The paper subsidiaries of the Group engage in an activity that is regulated by Order no. 2004-330 of 15 April 2004, with the adaptation to French law, in the environmental code, of directive 2003/87/EC of the European Parliament and the Council, establishing a 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 as assets as an intangible asset.
The obligation to compensate the State for gas emissions that occur during the period generates the recognition of a liability for that expense.

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

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

Goodwill

Goodwill arises from the acquisition of subsidiaries.
In the case of acquisitions of companies that occurred prior to 1 January 2003, goodwill is maintained at its presumed cost, which represents the amount recorded under the earlier accounting standard.
In the case of acquisitions that have occurred since this date, goodwill represents the difference between the acquisition cost and the fair value of the net assets, less any identifiable 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 tests, goodwill is allocated to cash generating units that are subject to an annual impairment test, so that at each account statement date there is an indication of whether the unit may be written down.
The cash generating units were determined at the level of the entities carrying goodwill. Most of these cash generating units are outside the consolidated Group, and they are smaller in size than the operating segments defined by IFRS 8 *Operating segments*.
Each year value tests are performed on all goodwill, using the discounted future cash flows method. The future cash flows are calculated for an average period of 5 years, are discounted at a rate of 8%, and include a terminal value.
If the recoverable value of the cash generating unit is less than that unit's book value, the loss in value is first allocated to reducing the book value of any goodwill allocated to that cash generating unit, and then to other assets of the unit, pro rata to the book value of each asset in the unit.

Impairment of goodwill recorded in the income statement is not reversed in a subsequent period.

Trademarks

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

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

Other intangible assets

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

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

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

At the end of each period, the Group reviews the book values of the tangible and intangible assets in order to determine whether there is any indication has suffered impairment. If it has, the recoverable value of the asset is estimated in order to determine the potential impairment.
When the recoverable value of a single asset cannot be estimated, the Group determines the recoverable value of the cash generating unit to which the asset belongs.
The recoverable value of an asset is the higher of the fair value less sale costs and the useful value. The useful value is estimated using the discounted future cash flows method. If the recoverable value is estimated to be less than the book value, impairment is recognised immediately in expenses in the income statement.
A loss in value recorded for an asset during a prior period may be reversed if there has been a change in the estimates used to determine the recoverable value. However, this book value, increased because of a reversal of impairment, may not exceed the book value that would have been determined, net of depreciation or amortisation, if no impairment had been recorded. The reversal of impairment is recorded in the income statement.

10- Financial assets

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

12- Inventories

Inventories are recorded at the lower of cost and net realisable value. The net realisable value is the estimated sales price in the normal course of activity, less the estimated costs for completion and the estimated costs to make the sale.
The cost includes direct raw materials costs and direct labour costs, and directly attributable general expenses incurred to put the 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 available for sale.
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- Financial derivatives instruments

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

The Group does not apply special hedge accounting (cash flow and fair value hedges). 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.
The fair value of interest rate swaps, caps and floors is the estimated amount the Group would receive or pay to settle the instruments at the closing date.

15- Interest bearing debt

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

16- Personnel benefits

Defined contribution plans

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

Provisions for pensions

The net obligation of the Group for defined benefit plans is estimated separately for each 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 the obligations of leading companies. The calculations are performed using the projected credit units method. All actuarial adjustments are recorded immediately in expenses for the period.

17- Provisions

A provision is recorded in the balance sheet when the Group has a current legal obligation or an implicit obligation resulting from a prior event, and it is probable that 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 the provision of services is recorded in the income statement based on the degree of progress in the provision of the service as of the closing date, and is valued based on the work performed.

Public subsidies

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

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

19- Expenses

Payments under simple lease agreements

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

Financial income

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 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 concern taxes on income deducted 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 that are denominated in a currency other than the respective functional currencies of Group entities are related mainly to purchases of raw materials.
In order to manage exchange rate risk, the Group hedges approximately 50 % of its anticipated future transactions in each significant currency for the coming three months, using options contracts.
Changes in exchange rates had no significant impact on the income statement or shareholders' equity at 31 December 2010.

- Interest rate risk

The risk to which the Group is exposed comes from borrowings. The borrowings initially undertaken at floating rates expose the Group to the risk of cash flow changes. The Group adapts its rate hedging decisions based on trends in interest rates and its outstanding debt. To this end, it enters into interest rate swaps.

Liquidity risk

The Group's approach to managing this risk is to ensure that it always has sufficient liquid assets to meet its liabilities when due without incurring unacceptable losses or damaging its reputation.
To this effect, short-term financing (maturities of less than one year) is provided by commercial paper or spot loans on which a fixed rate is paid.
The Group also has a 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 impact 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
- Transformation: manufacture of paper, 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 2010 using the full consolidation method (FC).

Name	Address	% stake	% controlling interest	Consolidation method	SIREN N°
EXACOMPTA CLAIREFONTAINE	88480 ETIVAL CLAIREFONTAINE			Parent company	505 780 296
A.B.L.	132, Quai de Jemmapes 75010 PARIS	100	100	F.C.	622 033 124
A.F.A.	132, Quai de Jemmapes 75010 PARIS	100	100	F.C.	582 090 452
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 75020 PARIS	100	100	F.C.	702 027 665
INTERVAL EDITIONS	139-175, rue Jean Jacques Rousseau 92130 ISSY LES MOULINEAUX	100	100	F.C.	438 399 685

KERLUDE	6, rue Henri Becquerel 69740 GENAS	100	100	F.C.	437 350 416
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
MAILDOR PRODUCTION	6, rue Henri Becquerel 69740 GENAS	100	100	F.C.	562 078 519
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
PELISSIER MI	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 Papeterie 35130 MANDEURE 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 KOLN	100	100	F.C.	
MAKANE BOUSKOURA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
CLAIR MOROCCO	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
PUBLIDAY MULTIDIA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
ERNST STADELMANN	Bahnhofstrasse 8 A – 4070 EFERDING	99	99	F.C.	
EXACLAIR (Spain)	E - 08110 MONTCADA Y REIXAC	100	100	F.C.	
EXACLAIR (Belgium)	249, Boulevard de l'Humanité B – 1620 DROGENBOS	100	100	F.C.	
EXACLAIR IRELAND	9, Cedar Drive - Millfarm DUNBOYNE	100	100	F.C.	
EXACLAIR Inc (USA)	143 west, 29th street USA – NEW YORK	100	100	F.C.	
EXACLAIR POLSKA	Ul lesnà 23 – Kotowice PL – 55–011 SIECHNICE	100	100	F.C.	
EXACLAIR Ltd (UK)	Oldmedows 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 Italy Srl	19 via Roberto Lepetit I – 20124 MILANO	100	100	F.C.	
QUO VADIS Japan Co Ltd	Sangenjaya Combox 4F 1–32–3 Kamjuma Setagaya-Ku, TOKYO	100	100	F.C.	
QUO VADIS Polonia Spzoo	Ul Oeniadeckich 18 60–773 POZNAN	100	100	F.C.	
QUO VADIS Editions Inc	120, Elmview Avenue HAMBURG, NY 14075–3770	100	100	F.C.	
CLAIREFONTAINE RHODIA Ltd	Crest House, 7 Highfield Road Edgbaston, BIRMINGHAM	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 no longer consolidated
• None	• PAPETERIES VERILHAC FRERES – Transfer of all assets 30 June • KÖHLER – Merger 30 November • IMPRIMERIE GIRAULT MORIN – Transfer of all assets 31 December • CALENDRIERS JEAN LAVIGNE – Transfer of all assets 31 December • EDITIONS GRAFOCARTE – Transfer of all assets 31 December

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

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

2.1 Non-current assets

2.1.1 Intangible assets

Greenhouse gas emission rights

The greenhouse gas emission quotas are recorded at the value determined in the exchange market on the date they are received.
The net amount of greenhouse gas emission rights recorded in assets totalled €1,216,000 on 31 December 2010.

Trademarks

The item "concessions, patents, licenses" includes trademarks totalling €8,855,000.

Impairment of €150,000 was recorded in the 2010 financial statements pursuant to the rules and methods described in paragraph 8 of the presentation of the consolidated financial statements.

Goodwill

The goodwill recorded applied mainly to 6 subsidiaries at 31 December 2010.

Goodwill recorded for 2010 arises from the acquisition of a business for €100,000.

Impairment of €800,000 was recorded in the 2010 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.

Financial lease agreements aggregated in the respective tables

€000	31/12/2010	31/12/2009
Property, plant and equipment	**16,559**	**16,816**
Land	53	53
Buildings	5,661	5,918
Plant, supplies and equipment	10,845	10,845
Depreciation	**12,378**	**11,565**
Accumulated as at opening	11,565	11,083
Increase for the period	813	930
Sale of SCI de Pen Hoat		-448
Loans	**124**	**127**

2.1.3 Financial assets

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

2.1.4 Intangible assets

At 31 December 2010 (€000)	Goodwill	Concessions, patents, licences and similar rights	Other	Total
Gross value at opening	17,041	21,665	1,677	40,383
Purchases	100	2,597	385	3,082
Sales		-171	-12	-183
Changes in scope of consolidation				
Currency translation adjustments		13	29	42
Transfers and other activity		-1,354	-132	-1,486
Gross value at closing	**17,141**	**22,750**	**1,947**	**41,838**
Depreciation and write-downs at opening	4,663	9,412	1,078	15,153
Sales		-135	-12	-147
Changes in scope of consolidation				
Depreciation		1,212	226	1,438
Write-downs	800			800
Reversals			-10	-10
Currency translation adjustments		11	24	35
Transfers and other activity		78		78
Depreciation and write-downs at closing	**5,463**	**10,578**	**1,306**	**17,347**
Net book value at opening	**12,378**	**12,253**	**599**	**25,230**
Net book value at closing	**11,678**	**12,172**	**641**	**24,491**

At 31 December 2009 (€000)	Goodwill	Concessions, patents, licences and similar rights	Other	Total
Gross value at opening	16,767	22,338	1,762	40,867
Purchases	346	2,473	319	3,138
Sales		-587	-355	-942
Changes in scope of consolidation		-13	-15	-28
Currency translation adjustments		8	-10	-2
Transfers and other activity	-72	-2,554	-24	-2,650
Gross value at closing	**17,041**	**21,665**	**1,677**	**40,383**
Depreciation and write-downs at opening	2,657	8,903	1,153	12,713
Sales		-418	-303	-721
Changes in scope of consolidation		27	-3	24
Depreciation		925	254	1,179
Write-downs	2,006			2,006
Reversals		-32	-15	-47
Currency translation adjustments		7	-8	-1
Transfers and other activity				
Depreciation and write-downs at closing	**4,663**	**9,412**	**1,078**	**15,153**
Net book value at opening	**14,110**	**13,435**	**609**	**28,154**
Net book value at closing	**12,378**	**12,253**	**599**	**25,230**

2.1.5 Property, plant and equipment

At 31 December 2010 (€000)	Land and Buildings	Plant and equipment	Other fixed assets	Advances and fixed assets in progress	Total
Gross value at opening	126,282	345,282	27,856	7,960	507,380
Purchases	1,507	10,327	1,317	15,841	28,992
Sales	-4,106	-8,457	-1,377		-13,940
Changes in scope of consolidation					
Currency translation adjustments	300	434	112		846
Transfers and other activity	2,192	9,759	330	-15,016	-2,735
Gross value at closing	**126,175**	**357,345**	**28,238**	**8,785**	**520,543**
Depreciation and write-downs at opening	62,716	216,166	21,770	14	300,666
Sales	-2,991	-7,585	-1,324		-11,900
Changes in scope of consolidation					
Depreciation	4,067	17,280	2,098		23,445
Write-downs					
Reversals		-516	-88	-14	-618
Currency translation adjustments	97	363	95		555
Transfers and other activity	-19	-2,189	-22		-2,230
Depreciation and write-downs at closing	**63,870**	**223,519**	**22,529**	**0**	**309,918**
Net book value at opening	**63,566**	**129,116**	**6,086**	**7,946**	**206,714**
Net book value at closing	**62,305**	**133,826**	**5,709**	**8,785**	**210,625**

At 31 December 2009 (€000)	Land and Buildings	Plant and equipment	Other fixed assets	Advances and fixed assets in progress	Total
Gross value at opening	125,119	336,854	27,479	6,251	495,703
Purchases	2,926	13,800	1,288	7,846	25,860
Sales	-1,576	-11,802	-1,006		-14,384
Changes in scope of consolidation	-1,186	926	73		-187
Currency translation adjustments	143	353	62		558
Transfers and other activity	856	5,151	-40	-6,137	-170
Gross value at closing	**126,282**	**345,282**	**27,856**	**7,960**	**507,380**
Depreciation and write-downs at opening	59,599	209,027	20,564	14	289,204
Sales	-1,299	-10,547	-868		-12,714
Changes in scope of consolidation	-272	745	70		543
Depreciation	4,661	17,364	2,037		24,062
Write-downs					
Reversals	-8	-746	-85		-839
Currency translation adjustments	35	323	52		410
Transfers and other activity					
Depreciation and write-downs at closing	**62,716**	**216,166**	**21,770**	**14**	**300,666**
Net book value at opening	**65,520**	**127,827**	**6,915**	**6,237**	**206,499**
Net book value at closing	**63,566**	**129,116**	**6,086**	**7,946**	**206,714**

2.1.6 Financial assets

At 31 December 2010 (€000)	Unconsolidated stakes	Ontercompany Receivables	Loans	Other receivables	Total
Gross value at opening	1,368	417	1,254	1,559	4,598
Purchases	899		212	935	2,046
Sales	-420			-7	-427
Changes in scope of consolidation					
Currency translation adjustments				32	32
Transfers and other activity		-417	-190	-890	-1,497
Gross value at closing	**1,847**	**0**	**1,276**	**1,629**	**4,752**
Write-downs at opening	1,358	417	383	3	2,161
Purchases/Sales					
Changes in scope of consolidation					
Write-downs				27	27
Reversals	-420	-417			-837
Currency translation adjustments					
Transfers and other activity					
Write-downs at closing	**938**	**0**	**383**	**30**	**1,351**
Net book value at opening	**10**	**0**	**871**	**1,556**	**2,437**
Net book value at closing	**909**	**0**	**893**	**1,599**	**3,401**

At 31 December 2009 (€000)	Unconsolidated stakes	Ontercompany Receivables	Loans	Other receivables	Total
Gross value at opening	1,398	417	950	1,606	4,371
Purchases			135	108	243
Sales	-145				-145
Changes in scope of consolidation	115		380	3	498
Currency translation adjustments				-8	-8
Transfers and other activity			-211	-150	-361
Gross value at closing	**1,368**	**417**	**1,254**	**1,559**	**4,598**
Write-downs at opening	1,388	417	8	4	1,817
Purchases/Sales					
Changes in scope of consolidation					
Write-downs	50		375	2	427
Reversals	-80			-3	-83
Currency translation adjustments					
Transfers and other activity					
Write-downs at closing	**1,358**	**417**	**383**	**3**	**2,161**
Net book value at opening	**10**	**0**	**942**	**1,602**	**2,554**
Net book value at closing	**10**	**0**	**871**	**1,556**	**2,437**

The other receivables consist mainly of deposits and bonds totalling €1,285,000 at 31 December 2010, compared to €1,239,000 at 31 December 2009.

2.1.7 Table of maturities of other financial assets

At 31 December 2010 (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Intercompany receivables				0
Loans	499	221	556	1,276
Other financial assets	1,224	80	325	1,629
Financial assets and receivables	**1,723**	**301**	**881**	**2,905**

At 31 December 2009 (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Intercompany receivables	417			417
Loans	532	198	524	1,254
Other financial assets	1,123	54	382	1,559
Financial assets and receivables	**2,072**	**252**	**906**	**3,230**

2.2 Current Assets

2.2.1 Inventories by type

At 31 December 2010 (€000)	Raw materials	In progress	Intermediate and finished goods	Total
Gross value at opening	49,269	13,022	89,682	151,973
Change	7,703	3,210	7,721	18,634
Gross value at closing	**56,972**	**16,232**	**97,403**	**170,607**
Write-downs at opening	4,203	692	8,581	13,476
Additions	4,207	579	6,782	11,568
Reversals	-3,851	-649	-8,197	12,697
Currency translation adjustments and other activity	3	-12	26	17
Write-downs at closing	**4,562**	**610**	**7, 192**	**12 364**
Net book value at opening	**45,066**	**12,330**	**81,101**	**138,497**
Net book value at closing	**52,410**	**15,622**	**90,211**	**158,243**

At 31 December 2009 (€000)	Raw materials	In progress	Intermediate and finished goods	Total
Gross value at opening	54,671	14,707	102,516	171,894
Change	-5,402	-1,685	-12,834	-19,921
Gross value at closing	**49,269**	**13,022**	**89,682**	**151,973**
Write-downs at opening	4,042	612	9,304	13,958
Additions	3,941	677	7,986	12,604
Reversals	-3,743	-597	-8,796	-13,136
Currency translation adjustments and other activity	-37		87	50
Write-downs at closing	**4,203**	**692**	**8,581**	**13,476**
Net book value at opening	**50,629**	**14,095**	**93,212**	**157,936**
Net book value at closing	**45,066**	**12,330**	**81,101**	**138,497**

2.2.2 Write-down of other current assets

€000	Write-downs at opening	Additions	Reversals	Other changes	Write-downs at closing
Trade receivables	5,272	1,587	-3,190	11	3,680
Other receivables	810	225	-28		1,007
Total	**6,082**	**1,812**	**-3,218**	**11**	**4,687**

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	103,809	258		104,067
Taxes and social security contributions receivable	9,729			9,729
Debit current accounts	753	174		927
Other receivables	2,334			2,334
Prepaid expenses	2,481			2,481
Current Assets	**119,106**	**432**		**119,538**

Write-offs	4,687
Trade and other receivables presented in the balance sheet	**114,851**

2.2.3 Marketable securities

The value of marketable securities presented in the balance sheet, €33,646,000, is their market value at 31 December 2010. The fair value is equal to the book value.

2.3 Shareholders' equity

The capital of the parent company consists of 1,131,480 shares with a par value of 4 euros, therefore equalling €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 €642,000 (increase in net deferred tax liability). The change in deferred taxes recorded in the income statement was €661,000 (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 taxes receivable	393	369	24
Deferred taxes payable	28,812	28,146	666
Net deferred tax	**28,419**	**27,777**	**642**

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	12,530	3,042	-719	-191	166	14,828
Other non-current provisions	595	167	-601			161
Non-current provisions	**13,125**	**3,209**	**-1,320**	**-191**	**166**	**14,989**
Provisions for contingent liabilities	1,356	3,001	-1,141	-88	3	3,131
Other provisions for charges	1,169	213	-409	-44	-136	793
Current provisions	**2,525**	**3,214**	**-1,550**	**-132**	**-133**	**3,924**

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

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

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

- probability of retirement from the company, turnover, death;
- changes in salaries;
- discounting the amount obtained at the rate of 3.39%.

The amounts paid to insurance entities are deducted from provisions.

Net change in the provision for pensions and similar obligations

€000		31/12/2010
Commitment at opening		**12,530**
Cost of services rendered		948
Financial expense		670
Actuarial gains and losses		680
➝ *o/w actuarial changes*	*1,093*	
➝ *o/w new recruits*	*162*	
➝ *o/w departures during the year*	*-575*	
Commitment at closing		**14,828**

The recorded commitment includes €11,671,000 of obligations under the plan applicable to French companies and €3,157,000 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	67	67		134
Financial debts	250	634	198	1,082
Financial debts on financial leases	124			124
Bank loans and overdrafts	39,411			39,411
Subtotal	**39,852**	**701**	**198**	**40,751**
Current accounts with credit balances	746		20,000	20,746
Accrued interest				
Total	**40,598**	**701**	**20,198**	**61,497**
Estimated interest to maturity				*81*

- Including current debt €40,598,000
- Including non-current debt €20,899,000

As at 31 December 2010 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 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 €32 million at the closing date. The maximum amount of commercial paper that may be issued was €125 million at year-end.

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 4 years. At year end, the Group had not used this line of credit and no amounts were recorded in the item "Interest-bearing debt".
Long-term financing may be arranged through negotiated loans.

Financial instruments

The Group uses derivatives products mainly to hedge against interest rate risks. Transactions performed to hedge exchange rate risks are insignificant.
The fair value of the financial instruments is provided by the financial institutions from which they are obtained.
The change in the fair value recorded in income amounted to €254,000.

Interest rate risks

In order to protect against changes in interest rates, the group has put hedges in place in the form of interest rate swap, cap and floor agreements.
The types of instruments that may be used, as well as the maximum risk levels incurred, are determined by Senior Management. The risk is checked daily.

A change of 1 percent (100 basis points) in interest rates would have had a €109,000 effect on income as at 31 December 2010.

Portfolio of financial instruments

Residual maturity (€000)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Rate swaps	5,378	17,588	825	23,791
Caps purchased	186	1		187
Floors sold	93	1		94
Total	**5,657**	**17,590**	**825**	**24,072**

2.8 Other current liabilities

€000	31/12/2010	31/12/2009
Advances and down payments received	382	418
Taxes and social security contributions payable	33,530	34,608
Suppliers - fixed assets	2,759	2,068
Other liabilities	10,553	9,326
Deferred income	114	72
Derivative financial instruments	1,112	1,366
Total	**48,450**	**47,858**

The fair value of the derivatives is equal to the book 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 year-end exchange market value. 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	31/12/2010	31/12/2009
Greenhouse gas emission rights		
• Commitments given – compensation	1,195	1,000
• Commitments received – total 2009 allocations	20	41
• Commitments received – annual allocations yet to be obtained	3,642	4,899

- 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	**31/12/2010**	**31/12/2009**
Consolidated net income excluding amortisation of goodwill	3,186	4,453
Amortisation of goodwill	800	2,006
Income taxes	3,052	5,037
Deferred taxes	661	550
Consolidated tax basis	7,699	12,046
Tax rate applicable to parent company	33.33%	33.33%
Theoretical tax expense	**2,566**	**4,015**
Losses of companies not consolidated for tax purposes		150
Tax assets not withheld on foreign companies	300	781
Tax rate differences	-105	446
Tax adjustments	676	154
Tax debits and credits	333	
Other effects	-57	41
Actual tax expense	**3,713**	**5,587**

Income taxes	3,052	5,037
Deferred taxes	661	550
Tax expense in the consolidated financial statements at closing	**3,713**	**5,587**

2.11 Group staff and employee benefits

Average staff	**31/12/2010**	**31/12/2009**
Management	446	468
Employees	803	804
Labourers and other salaried workers	1,981	2,027
Total	**3,230**	**3,299**

Expenses recorded for defined contribution schemes (in 000s of €)	39,656	40,779

2.12 Financial income and expenses

€000	31/12/2010	31/12/2009
Equity interests and income from other financial assets	20	52
Income from other receivables and marketable securities	326	193
Other financial income	249	896
Financial instruments	254	–
Reversal of provisions and write-downs	448	91
Foreign exchange differences	3,040	1,841
Net gain on sale of marketable securities	37	82
Total financial income	**4,374**	**3,155**
Increase in provisions and write-downs	261	975
Interest and financial expenses	1,011	914
Financial expenses on financial leases	5	41
Foreign exchange differences	2,008	1,729
Other financial expenses	849	671
Financial instruments		272
Net expenses on sales of marketable securities		3
Total financial expenses	**4,134**	**4,605**

2.13 Related parties

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

€000	31/12/2010	31/12/2009
Balance sheet		
Interest-bearing debt: loans current account	20,000	30,000
Short-term portion of interest-bearing debt	700	1,200
Income statement		
Financial expenses	189	410
Fees	1,194	1,194
Locations	3,313	3,374

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 €1,618,000.
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 2010. This was approved by a decision of the Shareholders' Meeting of 27/05/2010.

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 checks directly linked to the statutory auditing of the consolidated financial statements.

€000	**31/12/2010**	**31/12/2009**
Fees invoiced for statutory auditing of the financial statements	791	805
Fees invoiced for related consultancy and other services	–	–

3. <u>SEGMENT INFORMATION</u>

Segment information by activity – 31/12/2010

€000	Paper	Processing:	Intersegment transactions	Total
Segment income statement				
Revenues	256,279	385,728	-104,567	537,440
Amortisation (net of reversals)	11,372	12,476	-12	23,836
Write-downs and provisions	1,189	-706		483
Operating profit (excl. goodwill)	-459	7,964	-46	7,459
Amortisation of goodwill		800		800
Segment assets				
Net intangible assets and fixed assets	116,676	106,762		223,438
o/w investments	*19,978*	*11,995*		*31,973*
Goodwill		11,678		11,678
Trade receivables	38,771	88,523	-26,907	100,387
Other assets allocated	60,031	116,415	-1,878	174,568
Unallocated assets				*2,028*
Total assets	215,478	323,378	-28,785	512,099
Segment liabilities				
Provisions	698	3,226		3,924
Other liabilities allocated	40,591	83,468	-26,991	97,068
Unallocated liabilities				*0*
Total liabilities	41,289	86,694	-26,991	100,992

Segment information by geographic area – 31/12/2010

€000	France	Europe	Outside of Europe	Total
Revenues	351,453	158,961	27,026	537,440
Net intangible assets and fixed assets	210,510	8,206	4,722	223,438
o/w investments	*29,671*	*1,301*	*1,001*	*31,973*
Goodwill	11,678			11,678
Trade receivables	82,372	15,387	2,628	100,387
Other assets allocated	159,171	8,824	6,573	174,568
Unallocated assets				*2,028*
Total assets	463,731	32,417	13,923	512,099

➢ Segment information by activity – 31/12/2009

€000	Paper	Processing	Intersegment transactions	Total
Segment income statement				
Revenues	246,772	381,863	-97,942	530,693
Amortisation (net of reversals)	10,957	13,402	-3	24,356
Write-downs and provisions	2,115	320		2,435
Operating profit (excl. goodwill)	13,532	-387	351	13,496
Amortisation of goodwill		2,006		2,006
Segment assets				
Net intangible assets and fixed assets	110,466	109,100		219,566
o/w investments	*18,227*	*10,425*		*28,652*
Goodwill		12,378		12,378
Trade receivables	36,982	90,764	-20,753	106,993
Other assets allocated	47,040	107,953	-2,057	152,936
Unallocated assets				*611*
Total assets	194,488	320,195	-22,810	492,484
Segment liabilities				
Provisions	796	1,729		2,525
Other liabilities allocated	37,201	76,155	-21,110	92,246
Unallocated liabilities				*3,940*
Total liabilities	37,997	77,884	-21,110	98,711

➢ Segment information by geographic area – 31/12/2009

€000	France	Europe	Outside of Europe	Total
Revenues	349,821	157,824	23,048	530,693
Net intangible assets and fixed assets	206,197	9,400	3,969	219,566
o/w investments	*26,533*	*1,179*	*940*	*28,652*
Goodwill	12,078	300		12,378
Trade receivables	88,994	15,406	2,593	106,993
Other assets allocated	139,750	8,284	4,902	152,936
Unallocated assets				*611*
Total assets	447,019	33,390	11,464	492,484

Exacompta Clairefontaine S.A.

Report of the Statutory Auditors
on the consolidated financial statements

❖ ❖
❖

Resolutions submitted to the Ordinary Shareholders' Meeting

SEREC AUDIT
Statutory Auditor

Member of the Paris Institute of Statutory Auditors

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 2010

EXACOMPTA CLAIREFONTAINE S.A.
A French corporation (*société anonyme*)

88480 ETIVAL CLAIREFONTAINE

Year ended 31 December 2010

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we hereby present to you our report on the year ended 31 December 2010, concerning:

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

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

I. Opinion on the consolidated financial statements

We performed our audit in accordance with the professional standards applicable in France. These standards require the performance of 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 situation and results of the persons and entities included in the consolidation.

II. Bases of assessments

Pursuant to the provisions of Article L.823-9 of the 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.

III. Specific checks

In accordance with the professional standards applicable in France, we also performed specific checks required by the law related 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, 22 April 2011

The Statutory Auditors

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

RESOLUTIONS SUBMITTED

TO THE ORDINARY SHAREHOLDERS' MEETING OF 26 MAY 2011

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 2010.

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 2010.

THIRD RESOLUTION

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

Income for 2010	€3,261,153.44
Allocated as follows:	
* First dividend	€226,296.00
* Second dividend	€905,184.00
Total dividends	€1,131,480.00
* Allocation to retained earnings	€629,673.44
* Allocation to other reserves	€1,500,000.00
TOTAL ALLOCATED	€3,261,153.44

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

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

Year	Dividend	Number of shares
2007	2.00	1,131,480
2008	1.80	1,131,480
2009	1.80	1,131,480

At the recommendation of the Board of Directors, the Shareholders' Meeting also resolved to deduct €798,671.52 from the statutory reserve and to allocate said amount to other reserves.
The Meeting noted that, as a result of this decision, the statutory reserve amounted to €452,592.00, representing one tenth of the share capital, the amount stipulated by the Memorandum and Articles of Association.

FOURTH RESOLUTION

Following a reading of the Statutory Auditors' special report, the Shareholders' Meeting formally noted the absence in 2010 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 2011 at €60,000.

SIXTH RESOLUTION

The Shareholders' Meeting resolved in favour of the Board of Directors' recommendation to renew the appointment of Jean-Marie Nusse, residing at 19 rue de l'Abbaye, Etival Clairefontaine 88480, as a director of the company.

This appointment, which is valid for six years, will terminate at the conclusion of the Shareholders' Meeting to which the financial statements for fiscal year 2016 are submitted.

SEVENTH RESOLUTION

The Shareholders' Meeting resolved in favour of the Board of Directors' recommendation to renew the appointment of Dominique Daridan, residing at 14 rue des Saussaies, Paris 75008, as a director of the company.

This appointment, which is valid for six years, will terminate at the conclusion of the Shareholders' Meeting to which the financial statements for fiscal year 2016 are submitted.

NOTES