EXACOMPTA CLAIREFONTAINE

ORDINARY AND EXTRAORDINARY
SHAREHOLDERS' MEETINGS

OF 25 MAY 2016

FISCAL YEAR 2015

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

Board of Directors

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

Dominique Daridan

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

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

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

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

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

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

Jérôme Nusse
Chairman, Editions Quo Vadis

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

Statutory Auditors

BATT AUDIT, 54500 Vandœuvre–lès–Nancy, France
Jéhanne Garrait

SEREC AUDIT, 75015 Paris, France
Dominique Gayno

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ORDINARY SHAREHOLDERS' MEETING

Agenda:

- Report of the Board of Directors on operations and the parent company financial statements for fiscal year 2015;
- Report of the Board of Directors on operations and the consolidated financial statements for fiscal year 2015;
- Reports of the Statutory Auditors on the financial statements for this fiscal year and on regulated agreements and report drawn up pursuant to Article L.225-235 of the French Commercial Code;
- Approval of the parent company financial statements for the year ended 31 December 2015;
- Approval of the consolidated financial statements for the year ended 31 December 2015;
- Appropriation of earnings;
- Agreements governed by Article L.225-38 of the French Commercial Code;
- Discharge of the 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 and liabilities, financial position and earnings of the company and all the companies included in the consolidation and that the management report enclosed herein presents a true and fair view of the operations, earnings and financial position of the company and all the companies included in the consolidation, as well as a description of the main risks and uncertainties facing them.

Jean Marie Nusse
Executive Vice President

REPORT OF THE BOARD OF DIRECTORS

TO THE ORDINARY SHAREHOLDERS' MEETING

OF 25 MAY 2016

To the Shareholders,

1. REVIEW AND APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS

(€000)	**2015**	**2014**
Operating revenue	9,061	9,096
Operating profit/(loss)	58	(51)
Net financial items	2,614	2,120
Net income/(loss)	594	(1,718)

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

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

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

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

Non-tax deductible expenses amounted to €10,145.

INCOME FOR THE LAST FIVE YEARS (€)

Balance sheet date Duration of the reporting period (in months)	31/12/2015 12	31/12/2014 12	31/12/2013 12	31/12/2012 12	31/12/2011 12
CAPITAL AT YEAR-END					
Share capital	4,525,920	4,525,920	4,525,920	4,525,920	4,525,920
Number of ordinary shares	1,131,480	1,131,480	1,131,480	1,131,480	1,131,480
OPERATIONS AND RESULTS					
Revenue excluding tax	1,478,146	2,231,400	2,259,071	2,132,810	2,074,928
Income before taxes, profit-sharing, depreciation, amortisation and provisions	3,525,087	2,960,074	2,567,292	2,497,325	2,961,870
Income taxes	2,271,913	3,659,941	(584,550)	(922,893)	(1,996,455)
Net depreciation, amortisation and provisions	658,681	1,018,221	26,052,984	1,014,212	878,582
Net income	594,493	(1,718,088)	(22,901,142)	2,406,006	4,079,743
Distributed income	*2,262,960	1,301,202	565,740	565,740	1,131,480
EARNINGS PER SHARE					
Income after taxes and profit-sharing and before depreciation, amortisation and provisions	1	(1)	3	3	4
Income after taxes, profit-sharing, depreciation, amortisation and provisions	1	(2)	(20)	2	4
Dividend paid	*2	1.15	0.50	0.50	1
PERSONNEL					
Average number of employees	44	44	49	46	46
Payroll	3,873,499	3,892,716	3,903,372	3,811,684	3,853,255
Sums paid in employee benefits (social security and charitable organisations, etc.)	1,562,125	1,518,652	1,495,369	1,494,364	1,522,838

* Dividend proposed

SCHEDULE OF TRADE PAYABLES

Schedule in days					
	Total payables	**Payables due**	**Payables not yet due**		
31/12/2015			1 to 30 days	31 to 60 days	Over 60 days
Trade payables	182	–	48	134	–
Fixed asset payables	–	–	–	–	–
Total	**182**	–	**48**	**134**	**–**
31/12/2014			1 to 30 days	31 to 60 days	Over 60 days
Trade payables	722	–	599	123	–
Fixed asset payables	2	–	–	2	–
Total	**724**	–	**599**	**125**	**–**

SHARE AND SHAREHOLDER INFORMATION

The share listed at €53.80 on 2 January 2015 and closed the year at €66.50 (up 23.6%). The number of shares traded during the year was 30,962.

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 2015.
Financière de l'Echiquier, a minority shareholder, crossed the 5% ownership threshold in 2005.

2. REVIEW AND APPROVAL OF THE 2015 CONSOLIDATED FINANCIAL STATEMENTS

2.1 RESULTS

(€000)	2015	2014
Income from continuing activities (Revenue)	571,110	550,972
Operating income	16,425	21,454
Net income before tax	15,089	19,140
Net income after tax	10,965	11,875
Minority interests	592	479
Group share	10,373	11,396

The consolidated financial statements are impacted by the application of IFRIC 21 - *Levies.* Given that changes in accounting methods must be applied retrospectively, 2014 net income, initially reported as €11,911,000, was therefore adjusted to €11,875,000.

2015 Group cash flow amounted to €41,155,000 and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) was €44,685,000, compared to €42,743,000 and €49,014,000 respectively in 2014.

2.2 PAPER PRODUCTION

In 2015, European consumption of uncoated printing and writing papers appears to have picked up slightly, while efforts to streamline production units continued. Demand was therefore relatively strong throughout the year.

At our four factories, sales increased in printing, filing and fine arts papers. Reeled paper production by our five machines increased by 3.3% to 228,000 tonnes.

Regarding paper made from new fibres, the sharp increase in pulp prices due to the fall in the euro against the dollar was only marginally passed on to consumers.

2.3 PROCESSING

The French stationery and office supplies market more or less levelled out after the downward trend seen in recent years (source: I+C). However, sales to general customers once again appear more buoyant than office supplies.

As the market reorganises, the Group is in the process of joining the leaders in the filing segment whilst maintaining its dominant position in school supplies, luxury correspondence articles, diaries and calendars. Furthermore, new markets in games and creative arts, and more recently in photo development, have given our business an additional boost.

2.4 FINANCIAL POSITION

2.4.1 Debt

As at 31 December 2015, with revenue of €571,110,000, Group gross borrowings amounted to €101,322,000 and shareholders' equity totalled €379,837,000.

In order to provide for its growth, the Group has negotiated several lines of credit with its banks. At the balance sheet date, commercial paper issued by the Group amounted to €10 million out of a global programme of €125 million.

Group cash and cash equivalents amounted to €98,490,000 and the Group was able to fund capital expenditure from cash flow. Group net borrowings stood at €2,832,000 at 31 December 2015.

2.4.2 Financial instruments

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

2.5 RISK MANAGEMENT

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

2.5.1 Risks related to economic activity

The majority of our assets are located in France (93%). Our sales are generated primarily in France (64.6%) and in Europe (30.3%), largely in Western Europe. We are not directly impacted by unfavourable economic developments that may affect the various continents.

However, the purchase price of our primary raw material, paper pulp, is influenced by the world market. Market quotations are generally in US dollars. The price may fluctuate by more than €200 per tonne over relatively short periods. It is important to note that each euro difference in the price of pulp, when applied to the amount of pulp we use (around 150,000 tonnes), has an impact of €150,000.

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

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

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

2.5.2 Financial risks

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

<u>Credit risk</u>

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

→ Trade and other receivables
  The concentration of credit risk is not significant. It is divided among a large number of clients. The risk of default by business sector and by country in which the clients engage in their activities does not have a significant influence on credit risk.
  The Group has implemented tools to monitor outstandings that enable it to ensure that its clients have an appropriate credit history. Clients that do not satisfy solvency requirements cannot carry out transactions with the Group without making advance payments. In addition, credit risk is limited by taking out credit insurance policies.
  The Group determines a level of write-downs that represents its estimate of losses that will be incurred in respect of trade and other receivables. Impairment charges correspond to specific losses related to individual risks.

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

Liquidity risk

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

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

Exchange rate and price risk

The Group operates internationally. Risks related to commercial transactions denominated in a currency other than the respective functional currencies of Group entities are related mainly to purchases of raw materials denominated in US dollars.
In order to manage exchange rate risk, the Group hedges approximately 50% of its anticipated future transactions in USD for the coming three months using options contracts.

2.5.3 Risks related to proceedings, tax audits and litigation

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

2.6 RELATED PARTIES

The consolidated financial statements include transactions performed by the Group with Etablissements Charles Nusse.
The Group's companies benefit from the leadership provided by Ets Charles Nusse and pay a fee equal to 0.6% of the added value for the previous year.

2.7 CORPORATE OFFICERS

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

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)
Managing Director, Exaclair GmbH (DE)

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

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

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

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

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

Jérôme Nusse
Chairman, Editions Quo Vadis

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

3. PROPOSED RESOLUTIONS

3.1 APPROPRIATION OF EARNINGS

Earnings (€):
2015 earnings €594,492.95

We propose the following appropriation:
* First dividend €226,296.00
* Second dividend.. €368,196.95
Total dividends €594,492.95

We propose the payment of an additional €1,668,467.05 dividend taken from other reserves, bringing the total dividend payout to €2,262,960.

Given that the company's share capital is divided into 1,131,480 shares, each of these shares will receive a total dividend of €2.

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

Year	Dividend	Number of shares
2012	0.50	1,131,480
2013	0.50	1,131,480
2014	1.15	1,131,480

3.2 DIRECTORS

Your Board proposes that you reappoint the following directors:
- Etablissements Charles Nusse SA, registered at 15-17 Rue des Ecluses Saint-Martin, Paris (10th district);
- Guillaume Nusse, residing at Schillerstraβe 14, Freiburg, Germany;
- Frédéric Nusse, residing at 31 Rue du Vivier, Etival Clairefontaine;
- Jérôme Nusse, residing at 105 Rue de Lille, Paris (7th district).

These appointments, which are valid for six years, will terminate at the close of the Shareholders' Meeting called to approve the financial statements for fiscal year 2021.

4. POST-BALANCE SHEET EVENTS

In March 2016, Exacompta SAS, a subsidiary of the Exacompta Clairefontaine Group, acquired full control of Rainex SA.

5. RESEARCH AND DEVELOPMENT

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

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

6. SOCIAL AND ENVIRONMENTAL REPORT

Article L.225-102-1 of the French Commercial Code requires the Exacompta Clairefontaine Group to provide information on the manner in which it "takes into account the social and environmental consequences of its activity as well as its commitments to society in favour of sustainable development, the circular economy, combating discrimination and promoting diversity".
This information is included in a separate document entitled "Social and Environmental Responsibility", which is an integral part of this management report.

7. EMPLOYMENT INFORMATION

The Exacompta Clairefontaine Group had 3,130 employees at 31 December 2015, compared to 3,144 at the end of 2014.

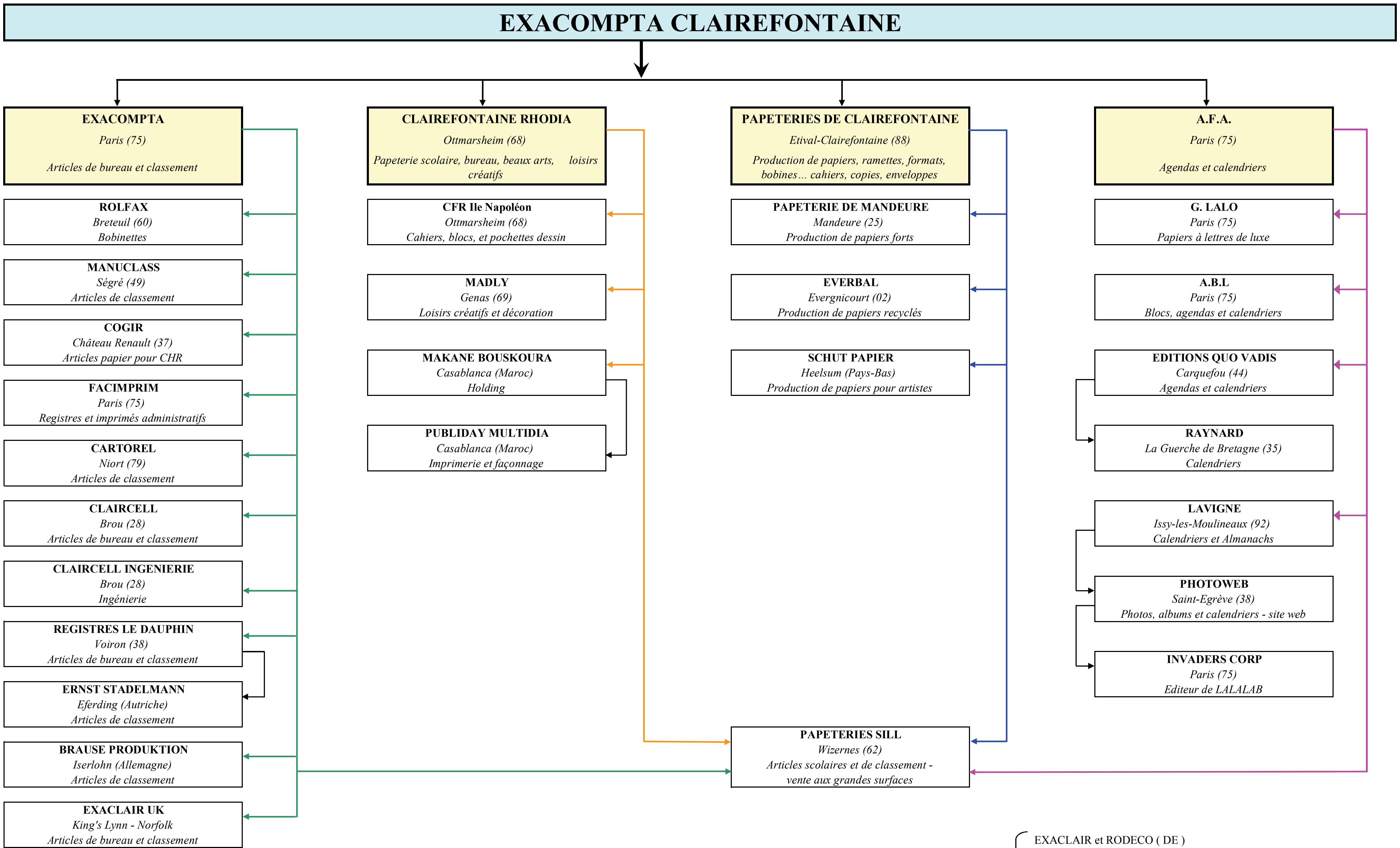
The companies apply the collective agreement for the production of papers, cardboard and cellulose, or the collective agreement for cardboard packaging.

The Group Committee, which met on 11 June 2015, commented on the Group's business and the economic and employment outlook for the year.

8. OUTLOOK

Business has been bolstered by the reduction in raw material and energy prices as well as the Group’s professional restructuring programme. Two acquisitions were recently completed in the online photo development and filing sectors.

ORGANIGRAMME DU GROUPE



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

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

REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

To the Shareholders,

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

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

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

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

François Nusse (2019)

Christine Nusse (2018)

Charles Nusse (2017)

Dominique Daridan (2016)

Jean-Marie Nusse (2016)

Frédéric Nusse (2015)

Guillaume Nusse (2015)

Jérôme Nusse (2015)

Jean-Claude Gilles Nusse (2020)

Ets Charles Nusse, represented by Monique Prissard (2015)

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

They assist the Chairman in the following areas:

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

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

Notices are given in writing at least eight days in advance. Meetings are held at the registered office or at the offices of a subsidiary in Paris.
The statutory auditors are called to the meetings of the Board of Directors called to approve the annual and interim financial statements and to all meetings that review the financial statements.

The Board has met four times since 1 January 2015.

- The 26 March Board meeting approved the financial statements for the previous year and prepared the Shareholders' Meeting.
- The 10 September meeting reviewed the half-yearly position, particularly the economic environment at the beginning of the year, the interim operating statements and other specific items.
- The March and September Board meetings were followed by an announcement to all shareholders.

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

Board members are not required to be physically present at Board meetings, as video conferencing is authorised by the Board's internal procedure. Board members' attendance rate is very high. No meetings were called at the initiative of the directors or senior executives.

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

During the Board meetings, each sub-group director presents an analysis of the following points:

→ raw materials (pulp in particular)
→ earnings for the period
→ capital expenditure
→ outlook and risks

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

These consolidated statements contain a number of analyses:

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

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

2. Shareholder attendance at Shareholders' Meetings

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

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

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

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

3. Corporate governance

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

Audit Committee:

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

Remuneration of the corporate officers:

The recommendation of the *Autorité des marchés financiers* (AMF – French Financial Markets Authority) regarding remuneration of the corporate officers is not applied within the Exacompta Clairefontaine Group. Neither does the Group offer any stock options, performance-related shares or supplementary pension schemes.
The Group applies the principle of fixed remuneration for senior executives and there are no variable remuneration measures in place.

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

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

Directors' fees:

The total amount of director's fees shared among Directors totalled €60,000 in 2015, and was awarded by a decision of the 27 May 2015 Shareholders' Meeting.

4. Internal control procedures established by the company

4.1 Definition of internal control

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

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

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

4.2 Purposes and limits

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

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

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

The Group relies on four types of information to guide its operations:
- → the annual parent company and consolidated financial statements;
- → the consolidated half-yearly financial statements;
- → the quarterly statements (March and September – unpublished);
- → the projected financial statements (not published).

4.3 Procedures

Systematic identification of risks is the first step in internal control. Mapping the Group's risks presents no specific problems, and the principal challenges are as follows:
- → control of raw materials purchases;
- → control of manufacturing processes;
- → environmental risks;
- → protection of industrial assets and sites;
- → control of the use of financial instruments and hedging foreign currency risk.

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

➢ accounting and financial

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

The internal control of financial instruments is specifically monitored by senior management, with regard to the types of instruments used as well as the maximum risk levels incurred, which are measured daily.

These financial instruments (contracts or options) are of two types:
- either they consist of transactions aimed at reducing the risk of a change in the value of an asset or liability or of a related commitment or future transaction not yet realised,
- or they are purely financial in nature in the case of additional outstanding debt.

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

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

The Group has no department dedicated to internal control that is responsible for conducting verifications on its behalf (either in the parent company or in the companies it controls).
The transactions contributing to the corporate activities of the Group and their presentation in the financial statements are verified, though not necessarily through the application of formalised procedures, by senior management or by its authorised representatives or agents, with the general goal of complying or ensuring compliance with the laws, regulations and standards in force, and of making every effort to prevent the occurrence of losses that could affect the Group's ability to continue operations.

➢ The Group uses the following accounting software and applications:

- ETAFI (tax management)
- REFLEX (consolidation)
- IWS (intercompany reconciliations)
- SAP, NAVISION (accounting & finance)
- ZADIG (personnel management)
- EXCALIBUR (intranet).

➢ The Group companies have taken out the following main insurance policies:

- Comprehensive industrial
- Insurance for machine breakdowns, costs and financial losses on co-generation
- Comprehensive real property
- General civil liability
- Environmental damage liability
- Car fleet and truck insurance

Chairman of the Board of Directors

Exacompta Clairefontaine S.A.

Parent Company Financial Statements for the year ended
31 December 2015

BALANCE SHEET AND INCOME STATEMENT

ASSETS (€000)	31/12/2015	31/12/2014
Intangible assets		
Concessions, patents, licences, trademarks		1
Intangible assets in progress		
Property, plant and equipment		
Land	3,610	3,616
Buildings	8,912	9,734
Other PP&E	41	43
Property, plant and equipment in progress	88	180
Non-current financial assets		
Equity interests	274,240	274,240
Intercompany receivables	27,398	23,800
Loans	2,574	6,016
Other financial assets	4	4
TOTAL NON-CURRENT ASSETS	**316,867**	**317,634**
Inventories	198	198
Advances and progress payments made on orders	141	58
Receivables		
Trade and intercompany receivables	2,354	2,328
Other receivables	55,329	59,354
Prepaid expenses	187	217
Cash and cash equivalents	21,194	6,607
TOTAL CURRENT ASSETS	**79,403**	**68,762**
Currency translation adjustment	5	
TOTAL ASSETS	**396,275**	**386,396**

LIABILITIES AND SHAREHOLDERS' EQUITY (€000)	31/12/2015	31/12/2014
Share capital	4,526	4,526
Share, merger and contribution premiums	162,566	162,566
Revaluation discrepancy	485	485
Reserves		
Statutory reserve	453	453
Other reserves	136,151	139,170
Retained earnings		
Profit/(loss) for the year	**594**	**(1,718)**
Regulated provisions	2,746	2,947
SHAREHOLDERS' EQUITY	**307,521**	**308,429**
Provisions		
For contingent liabilities	5	
For charges	279	281
TOTAL PROVISIONS	**284**	**281**
Financial liabilities		
Bank loans and borrowings	20,033	30,035
Operating payables		
Trade payables	265	805
Taxes and social security contributions payable	1,516	1,547
Other payables	66,553	44,647
Deferred income	103	568
TOTAL PAYABLES	**88,470**	**77,602**
Currency translation adjustment		84
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**396,275**	**386,396**

INCOME STATEMENT (€000)	31/12/2015	31/122014
Revenues	1,478	2,231
Operating subsidies		
Reversals of depreciation, amortisation and provisions, expense transfers	7,153	6,481
Other income	429	384
REVENUE FROM OPERATIONS	**9,060**	**9,096**
Purchases and other supplies	3	7
Other purchases and external expenses	2,250	2,350
Taxes, duties and similar payments	361	408
Salaries and wages	3,874	3,893
Social security contributions	1,562	1,519
Increases in depreciation/amortisation of non-current assets	857	862
Provision charges	29	42
Other expenses	66	66
OPERATING EXPENSES	**9,002**	**9,147**
OPERATING PROFIT/(LOSS)	**58**	**(51)**
Financial income from equity investments	1,311	669
Income from other securities and receivables from non-current assets	135	266
Other interest and similar income	1,937	1,878
Reversals of provisions, expense transfers		
Positive currency translation adjustments	797	391
Net profit on sales of marketable securities		
FINANCIAL INCOME	**4,180**	**3,204**
Increases in depreciation, amortisation and provisions	5	
Interest expense and similar expenses	1,306	1,071
Negative currency translation adjustments	256	13
Net expenses on sales of marketable securities		
FINANCIAL EXPENSES	**1,567**	**1,084**
NET FINANCIAL INCOME	**2,613**	**2,120**
INCOME BEFORE TAXES	**2,671**	**2,069**
Extraordinary income		
On operating transactions	7	
On capital transactions		
Reversals of provisions, expense transfers	342	28
EXTRAORDINARY INCOME	**349**	**28**
Extraordinary expenses		
On operating transactions	9	
On capital transactions	4	1
Increases in depreciation, amortisation and provisions	141	154
EXTRAORDINARY EXPENSES	**154**	**155**
NET EXTRAORDINARY INCOME/(EXPENSE)	**195**	**(127)**
Income taxes	2,272	3,660
NET INCOME/(LOSS) FOR THE YEAR	**594**	**(1,718)**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

KEY EVENTS OF THE YEAR

Introduction

Notes to the balance sheet prior to earnings appropriation for the year ended 31/12/2015, for which:

- Total assets amounted to: €396,274,639
- Net income amounted to: €594,493

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

Comparability of the financial statements

The fiscal year is a period of 12 months that runs from 01/01/2015 to 31/12/2015.

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

ACCOUNTING RULES AND METHODS

General accounting conventions have been applied, in compliance with the principle of prudence, in accordance with the following underlying assumptions:

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

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

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

The principal methods used are as follows

Intangible assets

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

Software	1 to 3 years

Property, plant and equipment

Valuation:

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

Depreciation:

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

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

Write-downs:

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

Non-current financial assets

The gross value consists of the purchase cost, excluding ancillary expenses.
If fair value is less than net value, a write-down is taken for the amount of the difference.

The fair value of equity interests is assessed on the basis of the fair value of the shareholders' equity, as measured based on discounted future cash flows and net debt. The outlook of each subsidiary or group of subsidiaries is taken into account, in which case consolidated data may be included in the assessment.

Inventories

Inventories include the purchase of growing stock resinous wood made in 1997.

Receivables and payables

Valuation and impairment:

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

Receivables and payables denominated in foreign currencies:

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

Cash

Short-term cash:

Short-term needs are financed by commercial paper issued by Exacompta Clairefontaine. A fixed rate determined at the moment of issue is paid on the commercial paper, which has a fixed maturity and a maximum term of 365 days.
Commercial paper outstanding at year-end amounted to €10 million. The maximum amount issuable was €125 million.

Lines of credit:

Lines of credit are in place with several banks for a total amount of €127 million, with maturities not exceeding 4 years. The term of drawdowns ranges from one week to six months. No amounts had been drawn as at 31 December 2015.

Marketable securities:

Marketable securities are assets held for trading. The book value of €20,324,000 is their market value at 31 December 2015. The book value is equal to the fair value.

Accelerated depreciation/amortisation

Accelerated depreciation consisted of the difference between the depreciation calculated according to tax practices and that calculated according to the straight line method based on the estimated useful life.
Accelerated depreciation totalled €2,746,000 at year-end.

Provisions for contingent liabilities and charges

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

The calculation is based on the following main assumptions:

- probability of retirement from the company, turnover, death;
- total amount of benefits outstanding under the cardboard industries (*"Industries de cartonnage"*) collective agreement;
- retirement age: between 60 and 67 years of age depending on the year in which the employee was born;
- social security contributions rate: 45%; discount rate: 1.84%

A provision for the full amount of the retirement commitment – including social security contributions – was taken at year-end and totalled €279,000.

Other information

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

Exacompta Clairefontaine is 80.46% owned by Ets Charles Nusse SA, a French limited company (*société anonyme*) with an Executive Board and a Supervisory Board, with a share capital of €1,603,248, registered at 15-17 Rue des Ecluses Saint-Martin, 75010 Paris.

➢ *Tax consolidation:*

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

The parent company of the tax group is Exacompta Clairefontaine.
The tax savings realised by the parent company are returned to the subsidiaries when they become profitable and can charge their own losses.
The tax group incurred a tax expense of €1,726,000 for 2015.

➢ *Staff:*

The average headcount of the parent company totalled 44 persons in 2015 (two administrative managers and 42 sales managers).

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

CICE is calculated based on the total remuneration paid during the calendar year and the income is accounted for in line with personnel expenses. It is recorded as a reduction in personnel expenses.

For the 2015 fiscal year, total CICE was €13,000.

➢ *Remuneration of administrative and management bodies:*

The members of the Board of Directors receive no remuneration from the company.
The total amount of director's fees distributed between the Directors totalled €60,000 in 2015 and was awarded by a decision of the 27 May 2015 Shareholders' Meeting.

BALANCE SHEET AND

INCOME STATEMENT DATA

Share capital

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

Change in shareholders' equity (€000)

Shareholders' equity at 31/12/2014	**308,429**
Dividends distributed	(1,301)
Change in regulated provisions	(201)
Net income for fiscal year 2015	594
Shareholders' equity at 31/12/2015	**307,521**

Change in gross non-current assets

€000	Gross value b/fwd	Purchases	Sales	Other activity	Gross value c/fwd
Concessions, patents, licences	289				289
Intangible assets in progress	0				0
Intangible assets	**289**				**289**
Land	3,618		4		3,614
Buildings and fixtures	20,909	20			20,929
Other PP&E	111	11	1		121
Property, plant and equipment in progress	180	90		(182)	88
Property, plant and equipment	**24,818**	**121**	**5**	**(182)**	**24,752**
Equity interests	299,240				299,240
Intercompany receivables	23,800	3,598			27,398
Loans	6,016	3	3,445		2,574
Other non-current financial assets	4				4
Non-current financial assets	**329,060**	**3,601**	**3,445**		**329,216**

Inventory of securities held in the portfolio

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

Change in depreciation/amortisation of non-current assets

€000	Amounts b/fwd	Additions	Reversals	Amounts c/fwd
Concessions, patents, licences	288	1		289
Intangible assets	**288**	**1**		**289**
Land	2	2		4
Buildings and fixtures	11,175	842		12,017
Other PP&E	68	12		80
Property, plant and equipment	**11,245**	**856**		**12,101**

Change in provisions and write-downs

€000	Amounts b/fwd	Additions	Reversals (used)	Reversals (not used)	Amounts c/fwd
Accelerated depreciation/amortisation	2,947	141	342		2,746
Regulated provisions	**2,947**	**141**	**342**		**2,746**
Foreign exchange losses		5			5
Pensions and similar obligations	281	29	24	7	279
Provisions for contingent liabilities and charges	**281**	**34**	**24**	**7**	**284**
Equity interests	25,000				25,000
Write-downs	**25,000**				**25,000**

Increases and reversals		
○ operating	29	31
○ financial	5	
○ extraordinary	141	342
Total	**175**	**373**

Receivables schedule

Receivables due (€000)	**Gross amounts**	**Less than 1 year**	**More than 1 year**
Non-current receivables			
Intercompany receivables	27,398		27,398
Loans	2,574	1,453	1,121
Other non-current financial assets	4		4
Current receivables			
Trade receivables	2,354	2,354	
Personnel and related	15	15	
Income taxes	6,180	5,746	434
Value added tax	25	25	
Group and associates	49,108	49,108	
Other receivables	1	1	
Prepaid expenses	187	187	
Total	**87,846**	**58,889**	**28,957**

Payables schedule

Payables due (€000)	**Gross amounts**	**Less than 1 year**	**From 1 to 5 years**
Bank loans and borrowings	20,033	20,033	
Trade payables	265	265	
Personnel and related	573	573	
Social security organisations	794	794	
Value added tax	140	140	
Other taxes, duties and similar items	9	9	
Group and associates	65,990	59,694	6,296
Other payables	563	563	
Deferred income	103	103	
Total	**88,470**	**82,174**	**6,296**

Breakdown of prepaid expenses and deferred income

€000	**Prepaid expenses**	**Deferred income**
Operating income/expenses	140	
Financial transactions	47	103
Total	**187**	**103**

Breakdown of accrued expenses and accrued income

€000	Accrued expenses	Accrued income
Invoices not received/to be issued	83	127
Tax and social security payables/receivables	635	
Financial transactions	34	51
Total	**752**	**178**

Breakdown of expense transfers

€000	Expense transfers
Transfer of external expenses	1,736
Transfer of personnel expenses	5,194
Transfer of taxes & duties	192
Total	**7,122**

Extraordinary income and expenses

€000	31/12/2015	31/12/2014
Sale of property, plant and equipment		
Reversal of accelerated depreciation	342	28
Other extraordinary reversals		
Other income	7	
Total extraordinary income	**349**	**28**
Sale of property, plant and equipment	4	1
Increase in accelerated depreciation	141	154
Other extraordinary additions		
Other expenses	9	
Total extraordinary expenses	**154**	**155**

Breakdown of income taxes

Breakdown – €000	Income before tax	Taxes owed	Net income after tax
Income from ordinary activities	2,671	439	2,232
Extraordinary income	195	68	127
Tax expense • Tax consolidation • Other tax effects		 1,726 39	 (1,726) (39)
Total	**2,866**	**2,272**	**594**

Deferred and future tax position

€000	Amount
Tax on:	
Accelerated depreciation/amortisation	915
Total increases	915
Prepaid tax on:	
Paid holiday	103
Other	91
Total reductions	194
Net deferred tax position	**721**

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

Financial instruments

Valuation:

The Group uses derivatives products mainly to hedge against interest rate risks. Transactions performed to hedge exchange rate risks are non material.
The valuation of the financial instruments was -€262,000 as at 31/12/2015.

Interest rate risks:

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

Financial instrument portfolio at 31/12/2015 (current notional amounts):

Residual maturity (€000)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Interest rate swaps	1,449	11,121	0	12,570

Off-balance sheet commitments

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

Exacompta Clairefontaine:
- jointly and severally guarantees payment to Exeltium for all liabilities arising from purchases of blocks of electricity contracted by Papeteries de Clairefontaine.
- guarantees three loans taken out by its subsidiary Lavigne. The outstanding principal at 31/12/2015 was €10,025,000.

Amounts concerning related companies

€000	**Related companies**
Non-current assets	**304,212**
Equity interests	274,240
Intercompany receivables	27,398
Loans	2,574
Current assets	**51,358**
Trade and intercompany receivables	2,354
Other receivables	49,004
Liabilities	**66,213**
Trade payables	120
Other payables	66,093
Financial income	**3,329**
Dividends	1,311
Financial expenses	**895**
Operating revenue	**8,976**
Real estate leases	1,926
Other income	423
Expense transfers	6,627

Related party transactions

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

List of subsidiaries and equity interests (€)

Direct subsidiaries in which more than 50% is held	% interest Dividends received	Share capital Shareholders' equity	Shares Gross amount Net amount	Loans Advances
Papeteries de Clairefontaine 88480 ETIVAL CLAIREFONTAINE	100% 409,000	91,200,000 161,933,212	103,001,491 103,001,491	
Exacompta 138 Quai de Jemmapes 75010 PARIS	100% 766,425	2,160,000 80,619,882	115,692,905 90,692,905	
Ateliers de Fabrication d'Agendas 132 Quai de Jemmapes 75010 PARIS	100% 222,660	1,440,000 43,420,985	49,633,433 49,633,433	168,750
Clairefontaine Rhodia RD 52 68490 OTTMARSHEIM	100%	27,264,000 18,848,996	30,912,423 30,912,423	

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

Exacompta Clairefontaine S.A.

Statutory Auditors’ Reports

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

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Report of the Statutory Auditors on the parent company financial statements

Year ended 31 December 2015

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

88480 ETIVAL CLAIREFONTAINE

STATUTORY AUDITORS' REPORT
ON THE PARENT COMPANY FINANCIAL STATEMENTS

Year ended 31 December 2015

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In accordance with the assignment entrusted to us by your Shareholders' General Meeting, we hereby present our report on the year ended 31 December 2015, concerning:

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

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

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

We performed our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the parent company financial statements are free from material misstatements. An audit involves the review, by way of sample tests or other means of selection, of the documents underlying the amounts and information set forth in the financial statements. It also involves an assessment of the accounting principles followed, the significant estimates made and the presentation of the statements as a whole.

We believe that the evidence we have gathered provides a reasonable basis for our opinion.

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

2 - Bases of assessments

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

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

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

3 - Specific verifications and information

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

We have the following comments to make regarding the accuracy and consistency with the parent company financial statements of the information provided in the report of the Board of Directors and in the documents addressed to the shareholders concerning the financial position and the parent company financial statements:

As required by law, we hereby inform you that, contrary to the provisions of Article L.225-102-1 of the French Commercial Code, your company did not provide in its management report the requisite 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 made certain that the other information regarding the identity of the holders of the capital or voting rights was communicated to you in the management report.

Executed in Paris and Vandœuvre-lès-Nancy, 25 April 2016

The Statutory Auditors

SEREC AUDIT **BATT AUDIT**

Dominique GAYNO Jehanne GARRAIT

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Special report of the Statutory Auditors on regulated agreements and commitments

Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2015

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

88480 ETIVAL CLAIREFONTAINE

SPECIAL REPORT OF THE STATUTORY AUDITORS
ON REGULATED AGREEMENTS AND COMMITMENTS

Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2015

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

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

It is our responsibility to inform you, on the basis of the information provided to us, of the essential characteristics and conditions of the agreements and commitments of which we have been informed or which we have discovered during the course of our audit, as well as the reasons justifying the company's interest in said agreements and commitments, without having to express an opinion on their usefulness or appropriateness or to seek out the existence of other agreements and commitments. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code, to assess the interest attached to entering into these agreements and commitments with a view to their approval.

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

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

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE SHAREHOLDERS' MEETING FOR APPROVAL

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

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

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

Executed in Paris and Vandœuvre-lès-Nancy, 25 April 2016

The Statutory Auditors

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Dominique GAYNO	Jehanne GARRAIT

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Report of the Statutory Auditors on the report of the Chairman of the Board of Directors, drawn up pursuant to Article L.225-235 of the French Commercial Code

Year ended 31 December 2015

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

88480 ETIVAL CLAIREFONTAINE

Report of the Statutory Auditors on the Report of the Chairman of the Board of Directors, drawn up pursuant to Article L.225-235 of the French Commercial Code

Year ended 31 December 2015

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In our role as statutory auditors of Exacompta Clairefontaine and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby present to you our report on the report prepared by the Chairman of your company in accordance with the provisions of Article L. 225-37 of the French Commercial Code with regard to the year ended 31 December 2015.

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

It is our responsibility to:

- provide you with our comments on the information contained in the Chairman's report concerning the internal control and risk management procedures related to the preparation and treatment of the accounting and financial information; and
- certify that the report includes all the other information required by Article L.225-37 of the French Commercial Code, on the understanding that it is not our responsibility to verify the accuracy of said other information.

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

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

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

These procedures include:

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

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

Other information

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

Executed in Paris and Vandœuvre-lès-Nancy, 25 April 2016

The Statutory Auditors

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

Exacompta Clairefontaine S.A.

Consolidated financial statements for the year ended
31 December 2015

Consolidated balance sheet

€000	31/12/2015	31/12/2014	Notes
NON-CURRENT ASSETS	**263,764**	**266,516**	
Intangible assets	15,763	13,412	(2.1.4)
Intangible assets – Goodwill	31,613	31,462	(2.1.4)
Property, plant and equipment	211,369	215,396	(2.1.5)
Financial assets	3,950	5,258	(2.1.6)
Deferred taxes	1,069	988	(2.4)
CURRENT ASSETS	**383,023**	**341,013**	
Inventories	166,871	160,633	(2.2.1)
Trade and other receivables	108,732	105,117	(2.2.2)
Advances	2,611	2,127	
Taxes receivable	6,319	2,695	
Cash and cash equivalents	98,490	70,441	(2.2.3)
TOTAL ASSETS	**646,787**	**607,529**	

SHAREHOLDERS' EQUITY	**379,837**	**373,863**	
Share capital	4,526	4,526	
Capital reserves	229,834	232,854	
Consolidated reserves	132,821	123,357	
Currency translation reserve	(751)	(1,007)	
Net income – Group share	10,373	11,396	
Shareholders' equity – Group share	**376,803**	**371,126**	
Minority interests	3,034	2,737	
NON-CURRENT LIABILITIES	**100,187**	**82,232**	
Interest-bearing debt	49,297	33,328	(2.6)
Deferred taxes	30,199	29,448	(2.4)
Provisions	20,691	19,456	(2.5)
CURRENT LIABILITIES	**166,763**	**151,434**	
Trade payables	58,760	53,591	
Short-term portion of interest-bearing debt	52,025	43,603	(2.6)
Provisions	4,270	4,239	(2.5)
Tax liabilities	91	234	
Other payables	51,617	49,767	(2.8)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**646,787**	**607,529**	

Consolidated income statement

€000	31/12/2015	31/12/2014	Notes
Revenue	571,110	550,972	
- Sales of products	563,930	543,801	
- Sales of services	7,180	7,171	
Other operating income	9,869	5,642	
- Reversal of depreciation/amortisation			(2.1.4, 2.1.5)
- Subsidies	18	9	
- Other income	9,851	5,633	
Change in inventories of finished products and work-in-progress	4,616	(2,018)	(2.2.1)
Capitalised production costs	638	717	
Goods and materials used	(277,407)	(251,665)	(2.2.1)
External expenses	(94,570)	(88,975)	
Personnel expenses	(149,616)	(147,860)	(2.12)
Taxes and duties	(11,546)	(11,639)	
Depreciation/amortisation	(27,524)	(26,771)	(2.1.4, 2.1.5)
Other operating expenses	(9,145)	(6,949)	
OPERATING INCOME – before goodwill impairment	**16,425**	**21,454**	
Goodwill impairment	(2,150)	(2,769)	(2.1.4, 2.1.1)
OPERATING INCOME – after goodwill impairment	**14,275**	**18,685**	
Financial income	5,491	2,991	
Financial expenses	(4,677)	(2,536)	
Net financial items	814	455	(2.13)
Income taxes	(4,124)	(7,265)	(2.4, 2.11)
Net income after tax	**10,965**	**11,875**	

Net income – minority share	**592**	**479**
Net income – Group share	**10,373**	**11,396**

Net income for the period	10,373	11,396	
Number of shares	1,131,480	1,131,480	(2.3)
EARNINGS PER SHARE (basic and diluted)	**9.17**	**10.07**	

Comprehensive income statement

€000	31/12/2015	31/12/2014
Net income for the period	**10,965**	**11,875**
• Currency translation differences resulting from the conversion of foreign entities' financial statements	255	379
• Actuarial gains/(losses)	(662)	(970)
Total comprehensive income	**10,558**	**11,284**
Attributable to:		
- minority interests	600	479
- the Group	9,958	10,805

Statement of changes in consolidated shareholders' equity

€000	Shareholders' equity – Group	Shareholders' equity – minority	Total shareholders' equity
Balance at 31/12/2013	**367,947**	**46**	**367,993**
Currency translation difference	379		379
Actuarial gains and losses and other variations	(970)		(970)
Photoweb acquisition – minority interests		2,212	2,212
Put on Photoweb minority interests	(7,060)		(7,060)
Total transactions not posted to earnings	(7,651)	2,212	(5,439)
Net income for the year	11,396	479	11,875
Dividends	(566)		(566)
Balance at 31/12/2014	**371,126**	**2,737**	**373,863**
Currency translation difference	255		255
Actuarial gains and losses and other variations	(670)	8	(662)
Put on Photoweb minority interests	(2,980)		(2,980)
Total transactions not posted to earnings	(3,395)	8	
Net income for the year	10,373	592	10,965
Dividends *	(1,301)	(303)	(1,604)
Balance at 31/12/2015	**376,803**	**3,034**	**379,837**

* Based on €1.15 EPS Group share

Statement of consolidated cash flows

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

€000	31/12/2015	31/12/2014	Notes
Cash and cash equivalents (assets)	98,490	70,441	(assets)
Bank overdrafts payable	(51,970)	(43,557)	(2.6)
Accrued interest on debt	(55)	(46)	(2.6)
Cash per statement of cash flows	**46,465**	**26,838**	

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

Statement of cash flows

€000	31/12/2015	31/12/2014	Notes
Total consolidated net income	**10,965**	**11,875**	
Elimination of non-cash and non-operating expenses and income:			
• Depreciation, amortisation and provisions	30,674	32,427	(2.1.4 to 2.1.6, 2.5)
• Change in deferred taxes	751	(670)	(2.4)
• Post-tax gains on asset sales	(829)	(298)	
• Currency translation adjustments	256	379	
• Other	(662)	(970)	
Cash flow of consolidated companies	*41,155*	*42,743*	
• Change in operating working capital	(3,542)	13,037	Balance sheet
• Change in income taxes	(7,311)	(2,906)	
• Income taxes paid	3,687	3,220	
(1) Net cash flow from operating activities	**33,989**	**56,094**	
• Purchases of fixed assets	(24,864)	(20,242)	(2.1.4 to 2.1.6)
• Sales of fixed assets	4,622	1,054	
• Changes in consolidation – acquisitions	(8,485)	(40,251)	
• Changes in consolidation – disposals			
(2) Net cash flow from investing activities	**(28,727)**	**(59,439)**	
• Dividends paid	(6,473)	(2,487)	(Change in shareholders' equity)
• Dividends received	4,869	1,921	
• New borrowings	26,073	33,775	
• Loans repaid	(9,320)	(2,869)	
• Interest paid	(1,373)	(999)	
• Interest received	589	612	
(3) Net cash flow from financing activities	**14,365**	**29,953**	
(1+2+3) Total cash flow	**19,627**	**26,608**	

Opening cash	26,838	230
Closing cash	46,465	26,838
Change in cash	**19,627**	**26,608**

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

1- General principles – statement of compliance

The EXACOMPTA CLAIREFONTAINE Group consolidated financial statements were prepared in accordance with IFRS (International Financial Reporting Standards), as adopted within the European Union.
The Exacompta Clairefontaine Group consolidated financial statements were approved by the Board of Directors on 30 March 2016. They will not be final until they have been approved by the Shareholders' Meeting.

2- Adoption of international standards

The comparative figures for 2014 have been adjusted in accordance with the retrospective application of IFRIC 21 – *Levies*, which is mandatory from 2015. This interpretation changes the method of accounting for annual levies and the timing of the recognition of the corresponding liabilities.
Its application did not have a material impact on the Group financial statements: consolidated net income for 2014 was adjusted to €11,875,000 from €11,911,000, the amount published in the 2014 annual report.
The 2014 financial data has been restated where necessary in order to ensure comparability between periods.

➢ <u>Mandatory standards, amendments and interpretations in 2015:</u>

- IFRIC 21 – *Levies*
- Annual improvements – *2011-2013 cycle*

➢ <u>Standards, amendments and interpretations adopted by the European Union and mandatory after 2015</u>

- Amendments to IAS 1 – *Financial statement presentation – Disclosure initiative*
- Amendments to IAS 16 and 38 – *Clarification of acceptable methods of depreciation and amortisation*
- Amendments to IAS 19 – *Employee benefits – Defined benefit plans: employee contributions*
- Amendments to IFRS 11 – *Accounting for interests in joint ventures and joint operations*
- Annual improvements – *2010-2012 cycle*
- Annual improvements – *2012-2014 cycle*

The Group did not apply any optional standard, amendment or interpretation.
Group management is currently analysing the impact of these new standards, amendments and improvements.

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

- IFRS 9 - *Financial instruments*
- IFRS 14 – *Regulatory deferral accounts*
- IFRS 15 – *Revenue from contracts with customers*
- Amendments to IFRS 10, IFRS 12 and IAS 28 – *Investment entities: Applying the consolidation exception*

The Group is currently analysing the impact of these new standards and amendments.

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 stated at fair value.

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

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

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 until the date on which control is no longer held.

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

5- Foreign currencies

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

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

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

6- Business combinations

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

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

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

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

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

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

7- Property, plant and equipment

Group land and buildings are intended for use in the production or supply of goods and services, or for administrative purposes.
The Group does not hold any material real estate that should be classified as an investment. The industrial facilities and other equipment are operating assets for the production or supply of goods and services.

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

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

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

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

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

8- Intangible assets

Research and development costs

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

Goodwill

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

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

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

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

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

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

Trademarks

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

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

Trademark internally generated expenses are expensed as incurred.

Other intangible assets

Other intangible assets purchased by the Group are recorded at cost less amortisation and accumulated impairment.
Amortisation is recognised as an expense under the straight line method over the estimated useful life, on the following bases and by year:

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

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

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

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

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

10- Financial assets

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

Intercompany receivables and other non-current financial assets are measured initially at fair value and subsequently at amortised cost.

11- Trade and other receivables

Trade and other receivables are included in the IAS 39 category "loans and receivables". They are measured initially at fair value and subsequently at amortised cost. 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 selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.
The cost includes direct raw materials costs and direct labour costs, and directly attributable general expenses incurred to put the inventories in place in their existing condition. In general, the cost is calculated using the weighted average cost method.

Greenhouse gas emission rights

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

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

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

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

- The allowances are recorded under inventories
  - Allowances allocated by the State are recorded at zero value. They are treated purely in terms of volume.
  - Purchased allowances are recorded at purchase cost.
- Balance sheet valuation
  - An impairment charge is recorded when the present value of inventories is lower than the book value.
  - No specific valuation is carried out in the case of allocated allowances, as they are recorded at zero value.
- Inventory withdrawal
  - The allowances are withdrawn from inventories on an ongoing basis in line with actual CO_2 emissions. Allocated allowances have no impact on the financial statements.
  - Any gains or losses arising from the sale of emission allowances are recorded under operating income.
- Requirements related to greenhouse gas emissions
  - The basic requirement to surrender the CO_2 emission allowances in accordance with emissions produced remains unchanged from the previous allocation periods.
  - At the end of each reporting period, if the Group lacks a sufficient number of allowances [allocated + purchased] to meet its obligation to surrender allowances to the State, a liability representing the value of missing allowances to be purchased is recorded.

13- Cash and cash equivalents

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

14- Derivative financial instruments

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

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

15- Interest-bearing debt

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

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

16- Employee benefits

Defined contribution plans

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

Provisions for retirement indemnities

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

This amount is discounted to determine its present value, and is reduced by the fair value of the plan assets. The discount rate is determined using the French average bond market rate on the balance sheet date, based on blue chip corporate bonds. The calculations are performed using the projected unit credit method.

Actuarial gains and losses are recorded under items of other comprehensive income.

17- Provisions

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

18- Income

Revenue

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

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

Public subsidies

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

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

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

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

19- Expenses

Payments under operating leases

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

Net financial items

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

20- Income tax

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

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

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

Deferred tax is determined using the balance sheet liability method for all temporary differences between the book value of the assets and liabilities and their tax bases, based on tax rates that were adopted or substantially adopted at the balance sheet date.

No deferred tax is posted in respect of the following items:

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

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

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

21- Management of financial risk

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

Market risks

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

- Foreign exchange risk

The Group operates internationally. Risks related to commercial transactions denominated in a currency other than the respective functional currencies of Group entities are related mainly to purchases of raw materials denominated in US dollars.
In order to manage exchange rate risk, the Group hedges approximately 50% of its expected future transactions in USD for the coming three months using options contracts.

- Interest rate risk

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

Liquidity risk

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

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

Credit risk

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

- Trade and other receivables

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

The Group has implemented tools to monitor outstandings that enable it to ensure that its clients have an appropriate credit history. Clients that do not satisfy solvency requirements cannot carry out transactions with the Group without making advance payments. In addition, credit risk is limited by taking out credit insurance policies.

The Group determines a level of write-downs that represents its estimate of losses that will be incurred in respect of trade and other receivables. Impairment charges correspond to specific losses related to individual risks.
The amounts presented in the balance sheet are net of impairment recorded.

- Investments

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

22- Segment information

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

The Group's operating segments corresponding to its main areas of activity are as follows:

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

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

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

Notes to the consolidated financial statements

1. CONSOLIDATED ENTITIES

All the companies have been consolidated at 31 December 2015 under the full consolidation method (F.C.).

Name	Address	% interest	% controlling interest	Consolidation method	SIREN No.
EXACOMPTA CLAIREFONTAINE	88480 ETIVAL CLAIREFONTAINE			Parent company	505 780 296
A.B.L.	132 Quai de Jemmapes 75010 PARIS	100	100	F.C.	622 033 124
A.F.A.	132 Quai de Jemmapes 75010 PARIS	100	100	F.C.	582 090 452
CARTOREL	358 Avenue de Paris 79025 NIORT	100	100	F.C.	025 770 470
CFR Ile Napoléon	RD 52 68490 OTTMARSHEIM	100	100	F.C.	439 721 697
PAPETERIES DE CLAIREFONTAINE	88480 ETIVAL CLAIREFONTAINE	100	100	F.C.	402 965 297
CLAIREFONTAINE RHODIA	RD 52 68490 OTTMARSHEIM	100	100	F.C.	339 956 781
CLAIRCELL	ZI – Rue de Chartres 28160 BROU	100	100	F.C.	432 357 358
COGIR	10 Rue Beauregard 37110 CHATEAU-RENAULT	100	100	F.C.	885 783 159
REGISTRES LE DAUPHIN	27 Rue George Sand 38500 VOIRON	100	100	F.C.	055 500 953
MADLY	6 Rue Henri Becquerel 69740 GENAS	100	100	F.C.	400 210 449
EVERBAL	2 Route d'Avaux 02190 EVERGNICOURT	100	100	F.C.	542 091 194
EXACOMPTA	138-140 Quai de Jemmapes 75010 PARIS	100	100	F.C.	702 047 564
FACIMPRIM	15 Rue des Ecluses Saint-Martin 75010 PARIS	100	100	F.C.	702 027 665
LALO	138 Quai de Jemmapes 75010 PARIS	100	100	F.C.	572 016 814

LAVIGNE	139-175 Rue Jean Jacques Rousseau 92130 ISSY-LES-MOULINEAUX	100	100	F.C.	332 346 444
PAPETERIE DE MANDEURE	14 Rue de la Papeterie 25350 MANDEURE	100	100	F.C.	339 310 807
MANUCLASS	ZI d'Etriché 49500 SEGRE	100	100	F.C.	318 110 665
CLAIRCELL INGENIERIE	ZI – Rue de Chartres 28160 BROU	100	100	F.C.	490 846 763
EDITIONS QUO VADIS	14 Rue du Nouveau Bêle 44470 CARQUEFOU	100	100	F.C.	054 807 748
RAYNARD	6 Rue de la Peltière – 35130 LA GUERCHE DE BRETAGNE	100	100	F.C.	659 200 786
ROLFAX	ZI Route de Montdidier 60120 BRETEUIL	100	100	F.C.	432 030 088
PAPETERIES SILL	Rue du Moulin 62570 WIZERNES	100	100	F.C.	085 650 141
PHOTOWEB	1 Rue des Platanes 38120 SAINT-EGREVE	75	75	F.C.	428 083 703
INVADERS CORP	144 Quai de Jemmapes 75010 PARIS	75	100	F.C.	538 606 377
BRAUSE Produktion	D – 51149 KÖLN	100	100	F.C.	
EXACLAIR GmbH (Germany)	D – 51149 KÖLN	100	100	F.C.	
RODECO	D – 51149 KÖLN	100	100	F.C.	
MAKANE BOUSKOURA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
CLAIR MOROCCO	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
PUBLIDAY MULTIDIA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
ERNST STADELMANN	Bahnhofstrasse 8 A – 4070 EFERDING	99	99	F.C.	
EXACLAIR (Spain)	E – 08110 MONTCADA I REIXAC	100	100	F.C.	
EXACLAIR (Belgium)	Boulevard Paepsem, 18D B – 1070 ANDERLECHT	100	100	F.C.	
EXACLAIR Inc (USA)	143 West 29th Street USA – NEW YORK	100	100	F.C.	
EXACLAIR Ltd (UK)	Oldmedow Road KING'S LYNN, Norfolk PE30 4LW	100	100	F.C.	
QUO VADIS International Ltd	1055 Rue Begin – Ville Saint Laurent QUEBEC H4R 1V8	100	100	F.C.	

EXACLAIR Italia Srl	Via Soperga, 36 I – 20127 MILANO	100	100	F.C.	
QUO VADIS Japon Co Ltd	Sangenjaya Combox 4F 1–32–3 Kamjuma Setagaya-Ku, TOKYO	100	100	F.C.	
QUO VADIS Editions Inc.	120 Elmview Avenue HAMBURG, NY 14075–3770	100	100	F.C.	
SCHUT PAPIER	Kabeljauw 2 NL – 6866 HEELSUM	100	100	F.C.	

Changes affecting the scope of consolidation	
Companies newly consolidated - acquisitions	Companies deconsolidated
• Acquisition by PHOTOWEB of a 100% interest in INVADERS CORP on 31 December 2015	• QUO VADIS POLONIA Liquidated on 16 November 2015 • APAX STUDIO Transfer of all assets on 19 December 2015 • L'AGENDA MODERNE Transfer of all assets on 31 December 2015

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

2. INFORMATION ON THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

2.1 Non-current assets

2.1.1 Intangible assets

Trademarks

"Concessions, patents, licences" includes trademarks totalling €8,655,000.
No impairment was recorded in the financial statements for fiscal year 2015.

Goodwill

Reported goodwill at 31 December 2015 largely applied to six subsidiaries. The segment information shows the breakdown of goodwill by business and geographic segment.

Following the acquisition of a 100% equity interest in INVADERS CORP on 31 December 2015, goodwill of €2,301,000 was posted to the consolidated balance sheet in respect of capitalised customer relations amounting to €3 million.

The annual impairment test of CGUs was performed in 2015 based on the cash flow value-in-use method, by discounting the future cash flows generated by the continuous use of the CGU. The methods used for determining the value in use in 2015 are similar to those used in 2014.
A €2 million impairment charge was recorded following the impairment tests performed on the CGUs, to which a €150,000 specific goodwill impairment charge was added.

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

- The discount rate used for CGUs was estimated before tax, based on past experience and the weighted average cost of capital (WACC) in the industry, at 8.01%.
- The long term perpetual growth rate in the processing industry was considered as nil.

Sensitivity of changes in key assumptions (€000)

Cost of capital	**7.01%**	**8.01%**	**9.01%**
Perpetual growth rate			
• 0%	0	**2,000**	6,400
• 1%	0	0	2,600

2.1.2 Property, plant and equipment

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

Finance leases included in the respective tables

€000	31/12/2015	31/12/2014
Property, plant and equipment	**9,376**	**9,376**
Land	5	5
Buildings	689	689
Plant and equipment	8,682	8,682
Depreciation	**9,371**	**8,965**
Accumulated b/fwd	8,965	8,988
Increase for the period	406	496
Disposals of fixed assets		(519)
Loans	**0**	**0**

2.1.3 Financial assets

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

2.1.4 Intangible assets

At 31 December 2015 (€000)	Goodwill	Concessions, patents, licences and similar rights	Other	Total
Gross value b/fwd	36,956	27,817	2,817	67,590
Purchases	2,301	630	81	3,012
Sales		(605)	(18)	(623)
Changes in scope of consolidation		33	3,105	3,138
Currency translation adjustments		1	66	67
Transfers and other		345	1	346
Gross value c/fwd	**39,257**	**28,221**	**6,052**	**73,530**
Amortisations and write-downs b/fwd	5,494	15,382	1,840	22,716
Sales		(604)	(19)	(623)
Changes in scope of consolidation		19	11	30
Amortisation		1,532	301	1,833
Write-downs	2,150			2,150
Reversals				
Currency translation adjustments			48	48
Transfers and other				
Amortisation and write-downs c/fwd	**7,644**	**16,329**	**2,181**	**26,154**
Net book value b/fwd	**31,462**	**12,435**	**977**	**44,874**
Net book value c/fwd	**31,613**	**11,892**	**3,871**	**47,376**

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

2.1.5 Property, plant and equipment

At 31 December 2015 (€000)	Land and buildings	Plant and equipment	Other PP&E	Advances and PP&E in progress	Total
Gross value b/fwd	145,441	414,357	33,463	5,090	598,351
Purchases	1,019	14,478	2,650	5,389	23,536
Sales	(8,326)	(11,348)	(2,187)		(21,861)
Changes in scope of consolidation		(36)	15	2	(19)
Currency translation adjustments	654	952	91		1,697
Transfers and other	83	4,679	299	(5,560)	(499)
Gross value c/fwd	**138,871**	**423,082**	**34,331**	**4,921**	**601,205**
Depreciation and write-downs b/fwd	76,668	278,897	27,390	0	382,955
Sales	(7,456)	(10,349)	(2,131)		(19,936)
Changes in scope of consolidation		(36)	4		(32)
Depreciation	4,689	19,088	1,914		25,691
Write-downs					
Reversals					
Currency translation adjustments	259	806	93		1,158
Transfers and other					
Depreciation and write-downs c/fwd	**74,160**	**288,406**	**27,270**	**0**	**389,836**
Net book value b/fwd	**68,773**	**135,460**	**6,073**	**5,090**	**215,396**
Net book value c/fwd	**64,711**	**134,676**	**7,061**	**4,921**	**211,369**

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

2.1.6 Financial assets

At 31 December 2015 (€000)	Unconsolidated equity interests	Loans	Other receivables	Total
Gross value b/fwd	1,861	876	3,805	6,542
Purchases		107	82	189
Sales	(354)			(354)
Changes in scope of consolidation			82	82
Currency translation adjustments			21	21
Transfers and other		(63)	(1,450)	(1,513)
Gross value c/fwd	**1,507**	**920**	**2,540**	**4,967**
Write-downs b/fwd	1,282	0	2	1,284
Purchases/Sales				
Changes in scope of consolidation				
Write-downs	85		2	87
Reversals	(354)			(354)
Currency translation adjustments				
Transfers and other				
Write-downs c/fwd	**1,013**	**0**	**4**	**1,017**
Net book value b/fwd	**579**	**876**	**3,803**	**5,258**
Net book value c/fwd	**494**	**920**	**2,536**	**3,950**

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

Other receivables consist mainly of deposits and bonds totalling €2,144,000 at 31 December 2015, compared to €3,175,000 at 31 December 2014.

2.1.7 Table of maturities of other financial assets

At 31 December 2015 (€000)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Loans	96	160	664	920
Other financial assets	1,463	23	1,054	2,540
Financial assets and receivables	**1,559**	**183**	**1,718**	**3,460**

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

2.2 Current assets

2.2.1 Inventories by type

At 31 December 2015 (€000)	**Raw materials**	**Work-in-progress**	**Semi-finished and finished goods**	**Total**
Gross value b/fwd	56,023	18,326	97,146	171,495
Change	2,577	1,134	3,861	7,572
Gross value c/fwd	**58,600**	**19,460**	**101,007**	**179,067**
Write-downs b/fwd	4,881	1,016	4,965	10,862
Additions	5,707	1,025	5,129	11,861
Reversals	(4,745)	(985)	(4,802)	(10,532)
Currency translation adjustments and other	3		2	5
Write-downs c/fwd	**5,846**	**1,056**	**5,294**	**12,196**
Net book value b/fwd	**51,142**	**17,310**	**92,181**	**160,633**
Net book value c/fwd	**52,754**	**18,404**	**95,713**	**166,871**

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

2.2.2 Write-down of other current assets

€000	Write-downs b/fwd	Additions	Reversals	Other changes	Write-downs c/fwd
Trade receivables	3,194	1,288	(1,330)	5	3,157
Other receivables	177		(177)		0
Total	**3,371**	**1,288**	**(1,507)**	**5**	**3,157**

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	93,921	1,052		94,973
Taxes and social security contributions receivable	11,645			11,645
Shareholder loan accounts (debit balance)				
Other receivables	2,634			2,634
	108,200	**1,052**		**109,252**
Impairment				(3,157)
Financial assets				**106,095**

Prepaid expenses	2,637
Reported trade and other receivables	**108,732**

2.2.3 Cash and cash equivalents

Marketable securities are assets valued at fair value through profit or loss. The book value of €56,364,000 is their market value at 31 December 2015. The book value is equal to the fair value.

2.3 Shareholders' equity

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

ETABLISSEMENTS CHARLES NUSSE holds 80.46% of the share capital.

2.4 Deferred taxes

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

The change in deferred taxes presented in the balance sheet totalled €670,000 (increase in net deferred tax liability).

Income statement:
- The change in deferred taxes under income was a €6,000 deferred tax expense.
- A €1 million deferred tax liability was recognised under consolidated reserves in respect of first-time consolidation adjustments for Invaders Corp.
- The change in deferred taxes under comprehensive income was a €331,000 reduction due to restatement of actuarial gains and losses pursuant to IAS 19R.

The tax calculation is presented in Note 2.11.

Statement of changes in deferred tax

€000	Closing balance	Opening balance	Change
Deferred tax assets	1,069	988	81
Deferred tax liabilities	30,199	29,448	751
Net deferred tax	**29,130**	**28,460**	**670**

2.5 Provisions

Provisions break down as follows:

€000	Provisions b/fwd	Additions	Reversals	Provisions not used	Other changes	Provisions c/fwd
Provisions for pensions and similar obligations	19,456	1,825	(1,179)	(416)	1,005	20,691
Other non-current provisions	0					0
Non-current provisions	**19,456**	**1,825**	**(1,179)**	**(416)**	**1,005**	**20,691**
Provisions for contingent liabilities	4,034	1,264	(1,161)	(193)	1	3,945
Other provisions for charges	205	309	(189)			325
Current provisions	**4,239**	**1,573**	**(1,350)**	**(193)**	**1**	**4,270**

Other changes in provisions for pensions and similar obligations correspond to €993,000 of actuarial adjustments recorded under comprehensive income, amounting to €662,000 after tax.

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

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

- probability of retirement, staff turnover and mortality;
- projected salary increases;
- discounting the resulting liability at 1.84%.

The amounts paid to insurance organisations are deducted from provisions.

Net change in the provision for pensions and similar obligations

€000	**31/12/2015**	**31/12/2014**
Liability b/fwd	**19,456**	**17,613**
Cost of services rendered	1,149	906
Financial expense	504	521
Changes for the period	(1,411)	(1,039)
→ *o/w new recruits*	*371*	*185*
→ *o/w departures during the year*	*(1,782)*	*(1,224)*
Liability excluding actuarial gains and losses	**19,698**	**18,001**
Actuarial gains and losses under comprehensive income	993	1,455
Liability c/fwd	**20,691**	**19,456**

The recorded liability includes €17,330,000 of obligations under the plan applicable to French companies and €3,361,000 under plans applicable to foreign companies.

2.6 Loans and borrowings with financial institutions

Statement of liquidity risk

€000	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Loans from financial institutions	16,672	26,555	6,951	50,178
Other borrowings	12,242	791		13,033
Bank loans and overdrafts	12,054			12,054
Subtotal	**40,968**	**27,346**	**6,951**	**75,265**
Shareholder loan accounts (credit balance)	11,002		15,000	26,002
Accrued interest	55			55
Total	**52,025**	**27,346**	**21,951**	**101,322**
Estimated interest to maturity (including the impact of hedging)				*2,815*

- Including current liabilities €52,025,000
- Including non-current liabilities €49,297,000

The short-term portion of other borrowings includes a €10,040,000 put option on minority interests in Photoweb.

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

2.7 Issuance & financial instruments programmes

Commercial paper

Short-term needs are financed by commercial paper issued by Exacompta Clairefontaine. A fixed rate determined at the moment of issue is paid on the commercial paper, which has a maximum term of 365 days.
The amount recorded under "Current portion of interest-bearing debt" was €10 million at the balance sheet date. The maximum amount of commercial paper that may be issued was €125 million.

Lines of credit

Lines of credit are in place with several banks for a total amount of €127 million, with maturities not exceeding 4 years. The term of drawdowns ranges from one week to six months. As at year-end 2015, none of these had been used. As there have been no drawdowns, the 2015 financial statements have not been affected by the related covenants.
Long term financing is arranged through negotiated loans.

Financial instruments

The Group uses derivatives products mainly to hedge against interest rate risks. Transactions performed to hedge exchange rate risks are non material.
The fair value of the financial instruments is communicated by the financial institutions from which they are obtained.
The change in fair value was recorded as net financial income amounting to €64,000.

Interest rate risks

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

A change of 1 percent (100 basis points) in interest rates would have an impact of €83,000 on net income for fiscal year 2015.

Portfolio of financial instruments

Residual maturity (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest rate swaps	3,271	18,410	4,422	26,103

The amounts shown in the table are current notional amounts.

2.8 Other current liabilities

€000	31/12/2015	31/12/2014
Advances and down payments received	405	1,044
Taxes and social security contributions payable	34,327	34,766
Fixed asset payables	2,729	3,207
Other liabilities	13,546	9,625
Deferred income	83	534
Derivative financial instruments	527	591
Total	**51,617**	**49,767**

Derivative financial instruments are recorded at fair value.

2.9 Fair value of financial instruments

Accounting classes and fair value

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

€000	Note	Assets at acquisition cost	Measured at FVTPL	Loans and receivables	Total book value	Fair value
Unconsolidated equity interests	**2.1.6**	494			494	494
Loans	**2.1.6**			920	920	791
Other receivables	**2.1.6**			2,536	2,536	2,536
Cash and cash equivalents	**Assets**		98,490		98,490	98,490
Trade and intercompany receivables	**2.2.2**			91,816	91,816	91,816
Total assets		**494**	**98,490**	**95,272**	**194,256**	**194,127**

€000	Note	Fair value of derivatives	Other financial liabilities	Total book value	Fair value
Interest rate swaps	**2.8**	527		527	527
Loans from financial institutions	**2.6**		50,178	50,178	50,178
Other borrowings	**2.6**		13,033	13,033	13,033
Bank loans and overdrafts	**2.6**		12,054	12,054	12,054
Shareholder loan accounts (credit balance)	**2.6**		26,002	26,002	26,002
Amounts payable on fixed assets	**2.8**		2,729	2,729	2,729
Trade payables	**Liabilities**		58,760	58,760	58,760
Total liabilities		**527**	**162,756**	**163,283**	**163,283**

Ranking of fair values

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

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

€000	Note	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	**Assets**	98,490	–	–
Liabilities				
Interest rate swaps	**2.8**	–	527	–

2.10 Off-balance sheet commitments

➢ Greenhouse gas emission allowances

The principles applied by the Group are set forth in Note 12 of the presentation of the consolidated financial statements.
The quantities allocated for 2015 amounted to 70,715 tonnes, while CO_2 emissions totalled 92,024 tonnes.
The remaining allowances due for the current allocation period amount to 327,874 tonnes.

➢ Sureties and guarantees

Exacompta Clairefontaine:

- jointly and severally guarantees payment to Exeltium for all liabilities arising from purchases of blocks of electricity contracted by Papeteries de Clairefontaine.
- guarantees three loans taken out by its subsidiary Lavigne. The outstanding principal at 31/12/2015 was €10,025,000.

2.11 Income tax – Tax calculation

€000	**31/12/2015**	**31/12/2014**
Consolidated net income before goodwill impairment	10,965	11,875
Goodwill impairment	2,150	2,769
Income taxes	4,118	7,785
Deferred taxes	6	(520)
Consolidated tax base	17,239	21,909
Statutory tax rate applicable to parent company	33.33%	33.33%
Theoretical tax charge	**5,746**	**7,303**
Uncapitalised tax assets on foreign companies	52	(306)
Tax rate differences	(325)	(149)
Accounting/tax timing differences	(1,786)	20
Tax debits and credits	437	397
Actual tax charge	**4,124**	**7,265**

Income taxes	4,118	7,785
Deferred taxes	6	(520)
Reported tax charge	**4,124**	**7,265**

2.12 Group headcount and employee benefits

Invaders Corp had a headcount of 5 employees at 31 December 2015.
The competitiveness and employment tax credit (CICE) is recorded as a reduction in personnel expenses and came to €3,481,000 for the year.

Average headcount	31/12/2015	31/12/2014
Management	484	485
Employees	878	903
Labourers and other salaried workers	1,768	1,756
Total	**3,130**	**3,144**

Expenses recorded for defined contribution schemes (€000)	40,497	40,223

2.13 Financial income and expenses

€000	31/12/2015	31/12/2014
Equity interests and income from other financial assets	21	7
Income from other receivables and marketable securities	589	612
Other financial income	275	182
Financial instruments – change in fair value	86	6
Reversal of provisions and write-downs	528	22
Foreign exchange gains	3,971	2,116
Net gain on sale of marketable securities	21	46
Total financial income	**5,491**	**2,991**
Increase in provisions and write-downs	87	105
Interest and financial expenses	1,373	999
Financial instruments – change in fair value	22	273
Foreign exchange losses	2,699	942
Other financial expenses	496	217
Total financial expenses	**4,677**	**2,536**

2.14 Related parties

- The consolidated financial statements include transactions with Etablissements Charles Nusse.

€000	31/12/2015 (12 months)	31/12/2014 (12 months)
Balance sheet		
Current account balances:		
Interest-bearing debt	15,000	
Short-term portion of interest-bearing debt	11,000	10,000
Income statement		
Financial expenses	306	74
Fees	1,268	1,138
Leases	5,995	5,863

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.
Manufacturing, logistics and office facilities are rented to certain Group companies on arm's length terms.
In 2015, the Exacompta Clairefontaine Group made a total gain of €1,261,000 on the sale of land and buildings to Ets Charles Nusse.

- Remuneration of administrative and management bodies:

The total direct and indirect remuneration of all kinds received by all Group managers amounted to €1,727,000 in 2015, of which €1,246,000 was paid by the Exacompta Clairefontaine Group, compared to €1,761,000 and €1,283,000 respectively in 2014.
No other benefits are granted to Group senior executives.

The total amount of director's fees distributed between the Directors totalled €60,000 in 2015 and was awarded by a decision of the 27 May 2015 Shareholders' Meeting.

2.15 Statutory auditors' fees

€000	**31/12/2015**	**31/12/2014**
Fees invoiced for statutory auditing of the financial statements	742	725
Fees invoiced for related consultancy and other services	–	–

3. SEGMENT INFORMATION

Correspondence with the consolidated balance sheet:
- "Other assets allocated" includes inventories and advances;
- "Unallocated assets" consists of tax receivable and deferred tax assets.

➢ Segment information by activity – 31/12/2015 (12 months)

€000	**Paper**	**Processing**	**Inter-segment transactions**	**Total**
Segment income statement				
Revenue	260,335	434,718	(123,943)	571,110
Depreciation/amortisation (net of reversals)	11,691	15,959	(126)	27,524
Write-downs and provisions	1,263	281		1,544
Operating income (excl. goodwill impairment)	5,157	11,045	223	16,425
Goodwill impairment		2,150		2,150
Segment assets				
Net PP&E and intangible assets	105,170	121,962		227,132
o/w capex	*9,167*	*15,080*		*24,247*
Goodwill		31,613		31,613
Trade receivables	39,676	76,572	(24,432)	91,816
Other receivables	3,712	13,354	(150)	16,916
Balance sheet total	*43,388*	*89,926*	*(24,582)*	*108,732*
Other assets allocated	54,337	115,207	(2,062)	169,482
Unallocated assets				*7,388*
Total assets	204,895	358,708	(26,644)	544,347
Segment liabilities				
Current provisions	2,019	2,251		4,270
Trade payables	23,792	59,402	(24,434)	58,760
Other payables	15,893	35,919	(195)	51,617
Unallocated liabilities				*91*
Total liabilities	41,704	97,572	(24,629)	114,738

➢ Segment information by geographic area – 31/12/2015 (12 months)

€000	**France**	**Europe**	**Outside Europe**	**Total**
Revenue	369,058	173,028	29,024	571,110
Net PP&E and intangible assets	211,191	8,340	7,601	227,132
o/w capex	*22,913*	*1,076*	*258*	*24,247*
Goodwill	31,613			31,613
Trade receivables	74,961	15,252	1,603	91,816
Other receivables	13,873	408	2,635	16,916
Balance sheet total	*88,834*	*15,660*	*4,238*	*108,732*
Other assets allocated	156,292	6,665	6,525	169,482
Unallocated assets				*7,388*
Total assets	487,930	30,665	18,364	544,347

Segment information by activity – 31/12/2014 (12 months)

€000	Paper	Processing	Inter-segment transactions	Total
Segment income statement				
Revenue	249,535	418,677	(117,240)	550,972
Depreciation/amortisation (net of reversals)	11,519	15,258	(6)	26,771
Write-downs and provisions	435	471		906
Operating income (excl. goodwill impairment)	10,930	10,543	(19)	21,454
Goodwill impairment		2,769		2,769
Segment assets				
Net PP&E and intangible assets	107,880	120,928		228,808
o/w capex	*5,385*	*11,882*		*17,267*
Goodwill		31,462		31,462
Trade receivables	33,730	77,406	(22,151)	88,985
Other receivables	3,947	12,314	(129)	16,132
Balance sheet total	*37,677*	*89,720*	*(22,280)*	*105,117*
Other assets allocated	54,024	110,848	(2,112)	162,760
Unallocated assets				*3,683*
Total assets	199,581	352,958	(24,392)	531,830
Segment liabilities				
Current provisions	1,711	2,528		4,239
Trade payables	21,583	54,167	(22,159)	53,591
Other payables	15,467	34,432	(132)	49,767
Unallocated liabilities				*234*
Total liabilities	38,761	91,127	(22,291)	107,831

Segment information by geographic area – 31/12/2014 (12 months)

€000	France	Europe	Outside Europe	Total
Revenue	379,770	146,056	25,146	550,972
Net PP&E and intangible assets	211,443	9,425	7,940	228,808
o/w capex	*14,939*	*1,744*	*584*	*17,267*
Goodwill	31,462			31,462
Trade receivables	73,085	14,143	1,757	88,985
Other receivables	13,170	618	2,344	16,132
Balance sheet total	*86,255*	*14,761*	*4,101*	*105,117*
Other assets allocated	149,820	6,431	6,509	162,760
Unallocated assets				*3,683*
Total assets	478,980	30,617	18,550	531,830

Exacompta Clairefontaine S.A.

Report of the Statutory Auditors
on the consolidated financial statements

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❖

Resolutions submitted to the Ordinary Shareholders' Meeting

SEREC AUDIT
Statutory Auditor

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70 bis rue Mademoiselle
75015 PARIS

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Report of the Statutory Auditors on the consolidated financial statements

Year ended 31 December 2015

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

88480 ETIVAL CLAIREFONTAINE

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we hereby present our report on the year ended 31 December 2015, concerning:

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

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

1 - 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 for the year are free from material misstatements. An audit involves the review, by way of sample tests or other means of selection, of the documents underlying the amounts and information set forth in the consolidated financial statements. It also involves an assessment of the accounting principles followed, the significant estimates made and the presentation of the statements as a whole. We believe that the evidence we have gathered provides a reasonable basis for our opinion.

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

2 - Bases of assessments

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

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

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

3 - Specific verifications

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

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

Executed in Paris and Vandœuvre-lès-Nancy, 25 April 2016

The Statutory Auditors

SEREC AUDIT **BATT AUDIT**

Dominique GAYNO Jehanne GARRAIT

RESOLUTIONS SUBMITTED

TO THE ORDINARY SHAREHOLDERS' MEETING OF 25 MAY 2016

FIRST RESOLUTION

That, following a reading by the Board of Directors and the Statutory Auditors of their respective reports, the Meeting approve these reports in their entirety, as well as the operations described therein, and the parent company financial statements for the year ended 31 December 2015.

SECOND RESOLUTION

That, following a reading by the Board of Directors and the Statutory Auditors of their respective reports, the Meeting approve these reports in their entirety, as well as the operations described therein, and the consolidated financial statements for the year ended 31 December 2015.

THIRD RESOLUTION

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

2015 earnings	€594,492.95
Appropriated as follows:	
* First dividend	€226,296.00
* Second dividend	€368,196.95
Total dividends	€594,492.95

We propose the payment of an additional €1,668,467.05 dividend taken from other reserves, bringing the total dividend payout to €2,262,960.

Given that the company's share capital is divided into 1,131,480 shares, each of these shares will receive a total dividend of €2.
The following table shows the dividends paid for the last three years:

Year	Dividend	Number of shares
2012	0.50	1,131,480
2013	0.50	1,131,480
2014	1.15	1,131,480

FOURTH RESOLUTION

That, following a reading of the Statutory Auditors' special report, the Shareholders' Meeting formally note the absence in 2015 of any operations related to Article L.225-38 of the French Commercial Code.

FIFTH RESOLUTION

That the Shareholders' Meeting give a full discharge to the Directors for their management during the past year.

SIXTH RESOLUTION

That the Shareholders' Meeting resolve in favour of the Board of Directors' recommendation to renew the appointment of Etablissements Charles Nusse SA, registered at 15-17 Rue des Ecluses Saint-Martin, Paris (10th district), as director.
This appointment, which is valid for six years, will terminate at the close of the Shareholders' Meeting called to approve the financial statements for fiscal year 2021.

SEVENTH RESOLUTION

That the Shareholders' Meeting resolve in favour of the Board of Directors' recommendation to renew the appointment of Guillaume Nusse, residing at Schillerstraβe 14, Freiburg, Germany, as director.
This appointment, which is valid for six years, will terminate at the close of the Shareholders' Meeting called to approve the financial statements for fiscal year 2021.

EIGHTH RESOLUTION

That the Shareholders' Meeting resolve in favour of the Board of Directors' recommendation to renew the appointment of Frédéric Nusse, residing at 31 Rue du Vivier, Etival Clairefontaine, as director.
This appointment, which is valid for six years, will terminate at the close of the Shareholders' Meeting called to approve the financial statements for fiscal year 2021.

NINTH RESOLUTION

That the Shareholders' Meeting resolve in favour of the Board of Directors' recommendation to renew the appointment of Jérôme Nusse, residing at 105 Rue de Lille, Paris (7th district), as director.
This appointment, which is valid for six years, will terminate at the close of the Shareholders' Meeting called to approve the financial statements for fiscal year 2021.

Exacompta Clairefontaine S.A.

EXTRAORDINARY SHAREHOLDERS' MEETING

Agenda: Capital increase reserved for members of a company savings plan

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

REPORT OF THE BOARD OF DIRECTORS

TO THE EXTRAORDINARY SHAREHOLDERS' MEETING

OF 25 May 2016

To the Shareholders,

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

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

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

If the Meeting adopts this resolution, the Board of Directors will be authorised to carry out one or more capital increases as it sees fit. Pursuant to statutory provisions, the subscription price of the shares issued via the aforementioned capital increase shall be set by the Board subject to control by the Statutory Auditors.

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

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Statutory Auditor

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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 capital increase reserved for members of a company savings plan

Extraordinary Shareholders' Meeting of 25 May 2016

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

88480 ETIVAL CLAIREFONTAINE

STATUTORY AUDITORS' REPORT
On the capital increase reserved for members of a company savings plan

Extraordinary Shareholders' Meeting of 25 May 2016

EXACOMPTA CLAIREFONTAINE S.A.

88480 ETIVAL CLAIREFONTAINE

To the Shareholders:

In our role as statutory auditors of your company, and in performance of the assignment provided for by Articles L.225-135 et seq. of the French Commercial Code, we hereby present to you our report on the proposal to authorise the Board of Directors to decide upon one or more capital increases via the issue of ordinary shares without preferential subscription rights up to a maximum limit of 3% of the share capital, a transaction on which you are called to vote.

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

Your Board of Directors proposes, on the basis of its report, that you authorise it for a period of 26 months to decide upon one or more capital increases and to cancel your preferential subscription right to the ordinary shares to be issued. Where applicable, the Board shall be responsible for setting the final terms and conditions for the issue of said shares.

It is the Board's responsibility to prepare a report in accordance with Articles R.225-113 and R.225-114 of the French Commercial Code. It is our responsibility to express our opinion on the accuracy of the quantitative information drawn from the financial statements, on the proposal to cancel the preferential subscription right and on certain other information on the issue provided in this report.

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) relating to this assignment. These procedures involved verifying the content of the Board of Directors' report on this transaction and the procedure for determining the issue price of the shares.

Subject to subsequent review of the terms and conditions of any capital increase that is decided upon, we have no comments to make regarding the procedure for determining the issue price of the ordinary shares to be issued as set out in the Board of Directors' report.

Given that the final terms and conditions under which the capital increase will be carried out have not yet been determined, we express no opinion on said terms and conditions or, accordingly, on the proposal submitted to you to cancel the preferential subscription right.

Pursuant to Article R.225-116 of the French Commercial Code, we will prepare an additional report as and when your Board of Directors exercises the foregoing authorisation.

Executed in Paris and Vandœuvre-lès-Nancy, 25 April 2016

The Statutory Auditors

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

RESOLUTION SUBMITTED

TO THE EXTRAORDINARY SHAREHOLDERS' MEETING OF 25 MAY 2016

SOLE RESOLUTION

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

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

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

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

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

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

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

NOTES