annual report 2011

managing the present to build the future

Profile

Chargeurs is a global diversified group and a leading player in niche manufacturing and service markets.

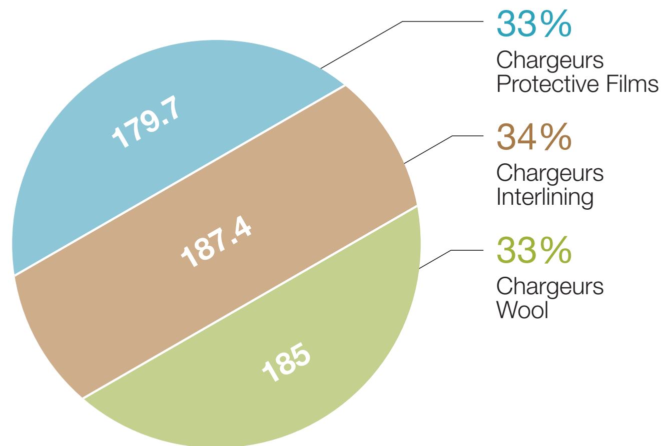
It operates in three business segments:
• Temporary surface protection, through Chargeurs Protective Films
• Technical textiles, through Chargeurs Interlining
• Raw material processing, through Chargeurs Wool

In 2011, consolidated revenue totaled €552.1 million, of which 94% outside France.

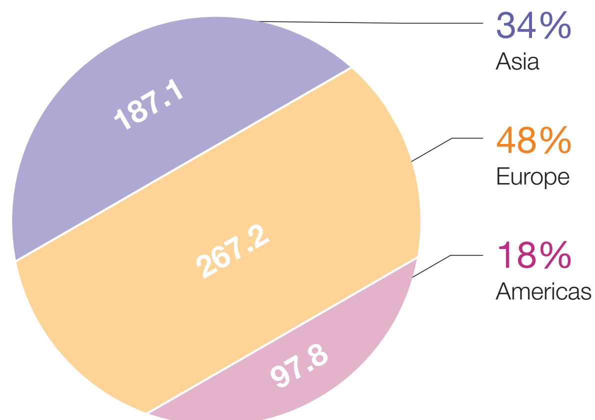
Operating profit amounted to €23.7 million, while net profit reached €10.5 million.

With operations in 35 countries on five continents, the Group has 2,143 employees.

Revenue by business
(in euro millions)



Revenue by region
(in euro millions)



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Strong return

on invested capital in 2011 despite reduced business activity in the last quarter

Foresight and vigilance

Our swift and energetic strategic response to the global financial and economic crisis in 2008 allowed us to successfully manage the drastic reduction in sales volumes seen in 2009 and the foreign exchange rate and raw material price volatility that prevailed in 2010 and most of 2011. We met our profitability targets even more quickly than planned and have maintained our performance for more than two years. In 2011, the European financial crisis that gained steam in the late summer gradually led to a slowdown in business activity in most of the world.

Despite this sudden setback, our management model confirmed its resilience and our full-year results were in line with our objectives. Revenue and operating profit were up compared to 2010 and net profit was very satisfactory. Measures taken in previous years to reduce our fixed costs, combined with continuing efforts to focus on value added rather than growth in less profitable volume have produced positive results. The innovative management resources developed by our businesses to precisely analyze value generation and to align their sales policies with sharp foreign exchange and raw material price volatility also demonstrated their effectiveness.

During the year, Chargeurs Protective Films continued to enhance its leadership in Europe and to make the most of profitable niche markets for highly specialized products. Chargeurs Interlining turned in a satisfactory performance in a very competitive market thanks to a dynamic sales policy and its proactive global base.

Chargeurs Wool considerably improved its profitability by continuing to carefully screen contracts and shorten their duration.

The economic downturn at the end of 2011, in a period of considerably reduced visibility, demonstrated once again just how important it is for Chargeurs to detect obstacles as far upstream as possible through its global business base in order to take the most effective action as quickly as possible.

This ability to anticipate supports our ongoing efforts to enhance competitiveness, innovation and service quality so that we can meet our customers' needs even more effectively.

In 2012, the European financial crisis' impact on the economy could drag on and amplify the difficulties we are likely to see in our markets. It is not yet possible to predict when these markets will regain their momentum. All of Chargeurs' core businesses have seen their models strengthened by measures taken in previous years to variabilize their cost structures so they can respond more effectively to fluctuating demand. In the current economic and financial environment, which creates a recessionary climate and extremely unstable conditions for our businesses, this is an important strength that will allow the Group to generate a satisfactory level of profitability in 2012.

Eduardo Malone
Chairman and Chief Executive Officer

Eduardo Malone
Chairman and Chief Executive Officer

Main indicators

Revenue rose by 7.8% in 2011, reflecting a 10.2% positive price effect following the passing on of higher raw material costs through to selling prices, and a 2.4% negative volume effect.

Operating profit rose by 11.3%, due to price increases and a favorable product mix, as the business units' sales and marketing strategy helped to offset the sharp run-up in raw material prices.

Net profit came to €10.5 million, after a €0.9 million increase in borrowing costs following the financial restructuring carried out in first-half 2010 and income tax expense of €4.5 million.

Net debt increased by €17.5 million reflecting the rise in working capital requirement, caused by the sharp hike in raw material prices.

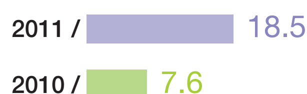
On January 6, 2012, Chargeurs ensured the continuity of its financing resources by extending for the next 18 months the agreement signed early 2010 with its banking partners.

Revenue
(in euro millions)

Operating profit
(in euro millions)

Attributable net profit
(in euro millions)

Cash generated by operations =
Net profit before depreciation, amortization and provision expense
(in euro millions)



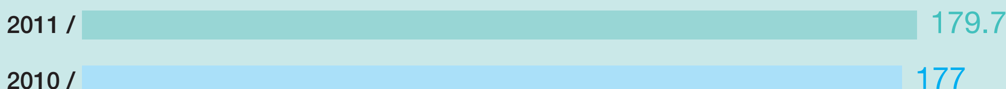
Net debt
(in euro millions)

Three businesses focused on
delivering quality products and services

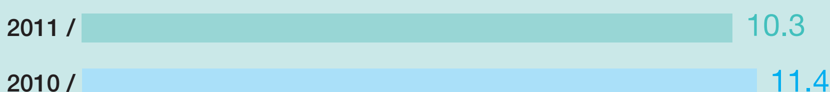
with value added

Chargeurs Protective Films

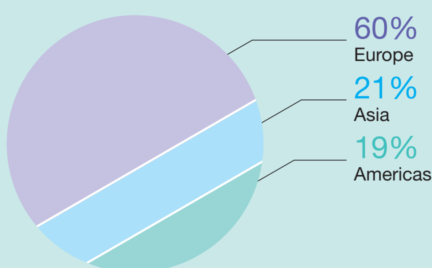
Revenue
(in euro millions)



Operating profit
(in euro millions)



Revenue by region



The European market leader, Chargeurs Protective Films supplies manufacturers – primarily in the building materials industry, but also in electronics and household appliances – with self-adhesive films for the temporary protection of fragile surfaces during every phase of an industrial process.

ENHANCED LEADERSHIP

The first half was shaped by a noticeable increase in revenue and operating profit, but the financial crisis in Europe in the summer 2011 negatively impacted the building markets, leading to a slowdown in orders that became more pronounced at the end of the year. Chargeurs Protective Films nonetheless maintained its market share in this difficult environment, and the full-year results demonstrated the validity of its strategy to focus on high value-added products.

An all-around player in Europe, where its leadership is supported by a very broad lineup, and a specialist in profitable niche markets in the United States and Asia, Chargeurs Protective Films continued to offer increasingly high performance products while improving its services, notably in terms of turnaround times and quality. Thanks to its targeted sales policy, the business was also able to absorb soaring polyethylene prices, which set a new record in April 2011. The average price for the full year was the highest ever seen.

INNOVATION-LED GROWTH

Chargeurs Protective Films devotes substantial financial and human resources to innovation to anticipate emerging customer needs and win over new markets that require specific know-how and technologies. Examples include electronics, automobile manufacturing and specialty glass. In 2011, several key innovations were presented in markets for which Chargeurs Protective Films has high hopes.

Although growth is expected to be weak in European markets in 2012, the business intends to widen its lead in the region and strengthen its presence in new segments, as well as in Eastern Europe.

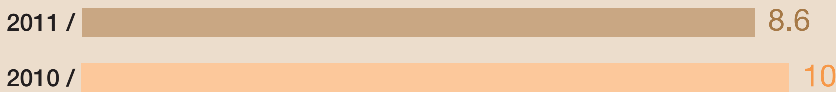
Good growth in technical products (aside from surface protection) will continue, notably in the United States and Italy.

Chargeurs Protective Films is leveraging its key strengths of innovation, quality and service to effectively meet the market's always demanding requirements and enhance its profitability.

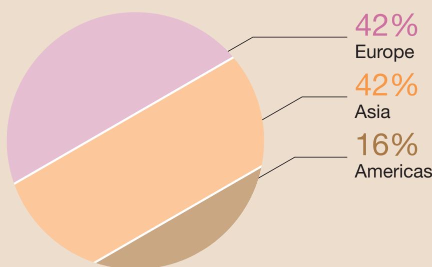
Chargeurs Interlining

Revenue
(in euro millions)

Operating profit
(in euro millions)



Revenue by region



One of the world's top two garment interlining manufacturers, with a highly globalized organization, Chargeurs Interlining is proficient in every aspect of this technical product, which is inserted between the fabric and the lining to keep garments flexible and help them to retain their shape.

A MIXED YEAR

Business was strong in 2011, notably in Latin America and Europe, up until the month of September. The year was unfolding along the same lines as 2010 when demand suddenly dropped in Asia and Europe due to the European economic crisis' negative impact on apparel purchases. This trend was accentuated by the apparel industry's tendency to keep inventories to a bare minimum and favor just-in-time production.

Chargeurs Interlining played to its strengths in the midst of this turbulence. Thanks to its global base and reliability, the business was able to follow its garment-manufacturing customers when a number of them left China for other Asian countries in response to 2010's price hikes and supply issues. Other customers shifted their operations to Turkey, North Africa and other Mediterranean countries, or to Eastern Europe. Despite these moves, China remains a major player in the global market, accounting for 37% of worldwide apparel exports and 40% of European imports. China is the only country with a skilled and fully integrated textile chain.

A SIMPLIFIED PRODUCT RANGE

The sharp rise in raw material costs that began in 2010 continued in early 2011. Cotton and polyester prices spiked in the first quarter before coming back down between April and June.

Chargeurs Interlining pursued its policy of passing higher costs on to selling prices. Higher costs were fully passed on in 2011 with no reduction in market share.

At the same time, the business strongly pared down its product portfolio to concentrate on high-end items, notably from its European sites, and maintained its research and development commitment. Lastly, the business moved even more swiftly towards a production method designed to optimize inventories while preserving market responsiveness.

Leveraging its proficiency in coating processes, Chargeurs Interlining continued to achieve notable wins thanks to the development of innovative technical products related to interlining technologies.

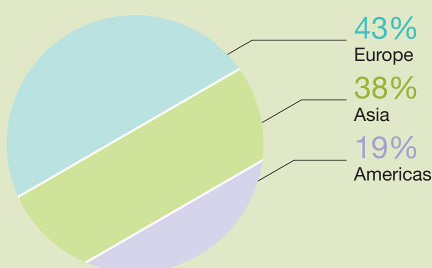
If early-year trends are confirmed in 2012, weak global growth could lead to a decline in revenue. Chargeurs Interlining will continue to focus sharply on value generation by making the most of its ability to offer the best interlining solutions, backed by recognized service quality, to garment manufacturers around the world.

Chargeurs Wool

Revenue
(in euro millions)

Operating profit
(in euro millions)

Revenue by region



Chargeurs Wool specializes in topmaking, which consists of designing wool blends that successfully meet the needs of spinning mills. It is a world leader in combed wool sales.

TARGETS EXCEEDED

With a 23.5% increase in revenue and €6.7 million in operating profit, Chargeurs Wool greatly exceeded its 2011 targets despite an 8% decrease in sales volumes. These good results were obtained against a backdrop of wide price swings for raw wool.

In the initial six-month period, raw wool prices rose by 37%, hitting their peak in June before declining by 23% in the next six months.

The business' performance in this very volatile environment attests to the strength of its strategy based on carefully selecting contracts and reducing their duration and on keeping inventories low. While the first half of the year was shaped by healthy demand, primarily in North America and Europe, the second half benefited from this strategy as demand contracted, most notably in the last quarter.

The business' wool combing operations in China, supplied primarily with wool from Australia and New Zealand, shifted their focus towards export markets as excess local capacity led to price wars that squeezed margins in the domestic market.

UPMARKET FOCUS

Chargeurs Wool also benefited from its positioning in high-end products, which matched a trend in the global market. Fine wools are increasingly being used either alone or in blends with other textile fibres in luxury apparel and quality leisurewear. This lasting trend in high-range casual and leisure wear reflects customers' renewed focus on comfort, naturalness and environmental preservation – values that fit well with wool.

Low visibility caused by the uncertain global economy makes it difficult to establish forecasts for 2012. Nevertheless, Chargeurs Wool can count on a strong reputation built on quality products and reliable deliveries, especially in Europe and the United States.

Chargeurs Wool will pursue its strategy of preferring margin over volume, backed by the most flexible production base possible. In light of this situation, the business anticipates a slight decline in volume in 2012, but maintains its profitability targets.

Stock exchange, sustainable development, corporate governance and internal control, financial report

Investor information

CHANGES IN SHARE CAPITAL

	Number of convertible bonds	Number of shares	Share capital (in euros) (1)
At January 1, 2011	**323,364**	**12,853,510**	**2,056,562.00**
New shares issued in January 2011 on conversion of bonds tendered for conversion in December 2010	677	18,279	
New shares issued in 2011 on bonds tendered for conversion in 2011	9,058	251,436	
At January 1, 2012	**313,629**	**13,123,225**	**2,099,716.00**
New shares issued for conversion of bonds tendered for conversion in January and February 2012	1,158	33,372	
At March 9, 2012	**312,471**	**13,156,597**	**2,105,055.52**

Number of shares held in treasury(2)		13,334	
Shares purchased under the liquidity contract(3)		103,000	
Number of Chargeurs shares held by subsidiaries		0	
Number of Chargeurs shares held by employees(4)		0	

(1) Par value of each share: €0.16.
(2) Article L. 225-211 of the French Commercial Code. Total cost: €230,851.35 representing an average price per share of €17.31.
(3) Total cost: €972,436, representing an average price per share of €9.44, under the liquidity contract in effect between May 16, 2007 and November 5, 2009.
(4) Article L. 225-102 of the French Commercial Code.

Convertible bond issue

On March 12, 2010, Chargeurs carried out an issue of subordinated convertible bonds with pre-emptive subscription rights. This issue led to the creation of 415,083 convertible bonds with a face value of €55 each, maturing on January 1, 2016. The prospectus for the issue, which was approved by the AMF under visa number 10-044 on March 11, 2010, can be viewed on the websites of Chargeurs and the AMF.

The conversion and redemption terms of the bonds are described in note 11 to the Chargeurs parent company accounts on page 69.

CHANGES IN SHARE OWNERSHIP

Trading in Chargeurs shares by management or member of the Board

On May 16, 2011, Pathé, the company controlled by Jérôme Seydoux, carried out a block sale of 734,035 Chargeurs shares, reducing its interest in the Company to 1,000,000 shares carrying the same number of voting rights.

At the end of November 2011, Sofy Emy, the company controlled by Eduardo Malone, increased its interest in Chargeurs to above 5% of the share capital following several share purchases.

Shareholders owning more than 5% of share capital

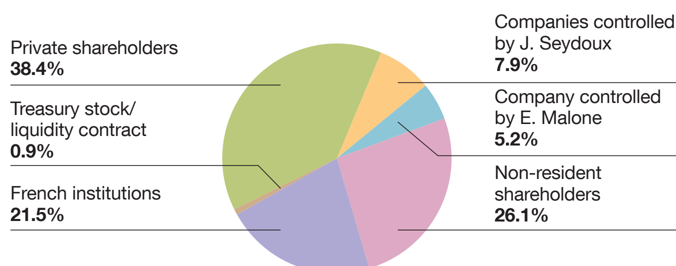
(at December 31, 2011)	Number of shares	% interest	% voting rights
Pathé (1)	1,000,000	7.62	7.46
Ojej (1)	41,000	0.31	0.61
Jérôme Seydoux	1,341	0.01	0.02
Sofi Emy (2)	675,085	5.14	5.04
Eduardo Malone	1,163	0.01	0.01
The Baupost Group	1,163,003	8.86	8.68
Natixis	890,647	6.79	6.65
Argos Investment Managers SA	690,000	5.29	5.18
HMG Finance	667,133	5.08	4,98

(1) Companies controlled by Jérôme Seydoux.
(2) Company controlled by Eduardo Malone.

Jérôme Seydoux, Eduardo Malone and the companies that they control together hold 13.10% of Chargeurs' capital and 13.15% of the voting rights, which are exercised in concert.

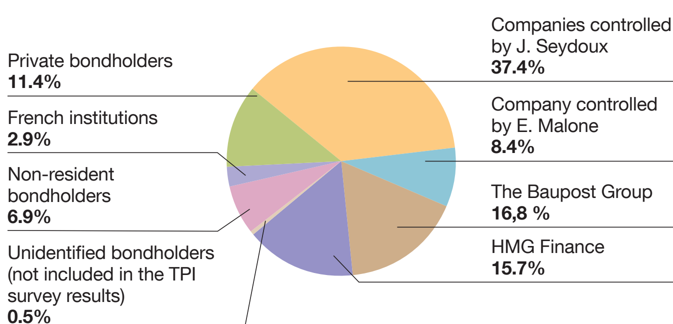
Ownership structure (% of total outstanding shares)

(based on the January 31, 2012 TPI securities ownership survey)



Holders of the 315,536 convertible bonds outstanding at January 31, 2012

(based on the January 31, 2012 TPI securities ownership survey)



DIVIDENDS

(article 47 of the Act of July 12, 1965)

No dividend was paid for 2009 and 2010. No dividend will be paid for 2011.

STOCK MARKET DATA

Market listing

Chargeurs' shares and convertible bonds are listed on the NYSE Euronext Paris market under the ISIN codes FR0000130692 – CRI and FR0010870931 – YCRI, respectively. Chargeurs' shares are eligible for NYSE-Euronext-Paris Deferred Settlement Service, with long-only status.

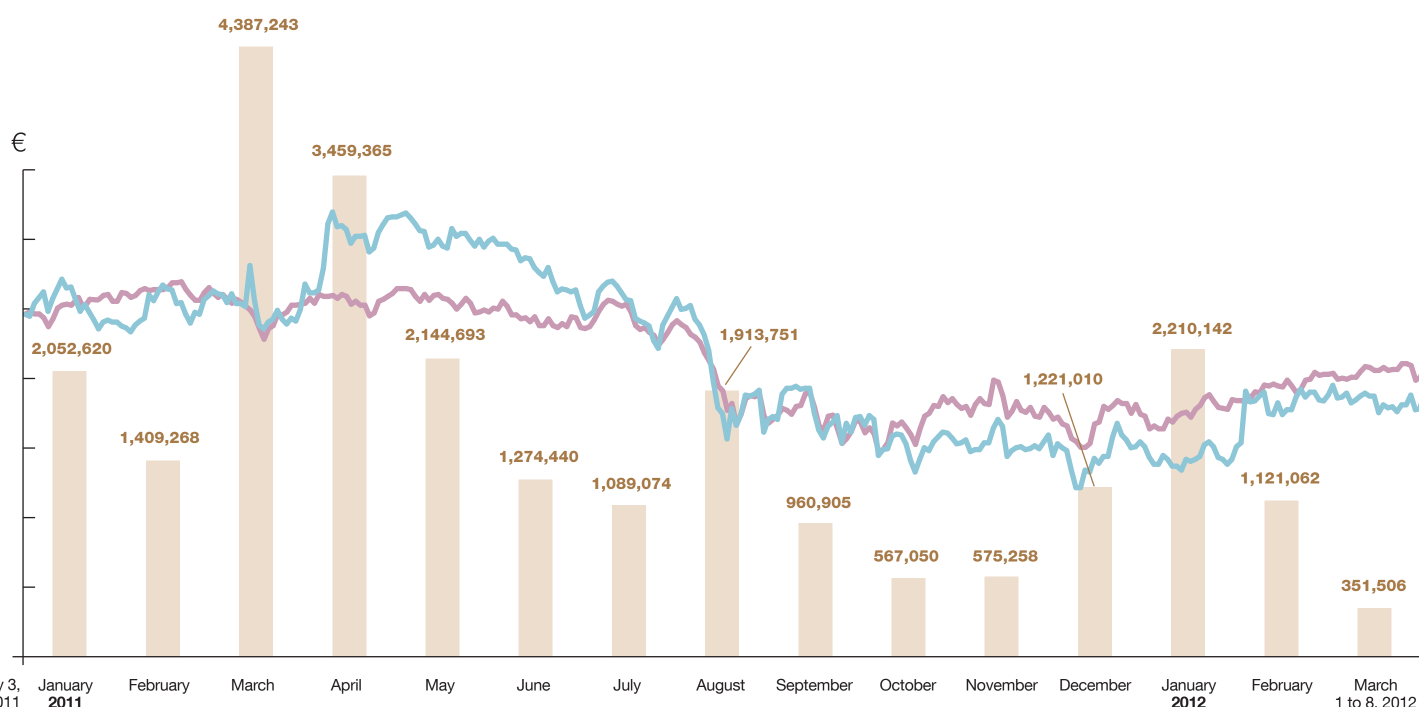
Listing of new shares

(See prospectus, section 8.1.7 on convertible bonds)

Applications will be made periodically for admission to trading on NYSE Euronext Paris for the new shares issued on conversion of the bonds and payment of the stock-based coupon. Following these applications, said shares will be listed on a separate line from Chargeurs' existing shares.

The new shares will only rank pari passu with the Company's existing shares and be traded on the same line as the existing shares under the same ISIN Code – FR0000130692 – as from either (i) the start of trading on the day when the existing shares are traded ex the dividend to be paid for the fiscal year preceding that in which the exercise date occurs, or (ii) if no dividend is paid, the start of trading on the day following the Annual General Meeting held to approve the financial statements for that year.

SHARE PERFORMANCE



Sustainable development

ENVIRONMENTAL REPORT

Introduction

As part of the Group's risk management policies, the Managing Directors of the subsidiaries have signed the Chargeurs Environmental Charter, comprising guidelines on anticipating and preventing environmental risks, as well as a set of short, medium and long-term objectives.

In 2011, as in 2010, environmental data were collected at the primary production plants operated during the year (16, of which 3 Protective Films plants, 11 Interlining plants and 2 Wool plants). These raw data were then used to calculate indicator performance for the year. Most of the data reported below are expressed on a unit-of-production basis, corresponding to 1 km^2 of film for the Protective Films business, 1 km^2 of fabric for the Interlining business, and 1 tonne of combed wool for the Wool business.

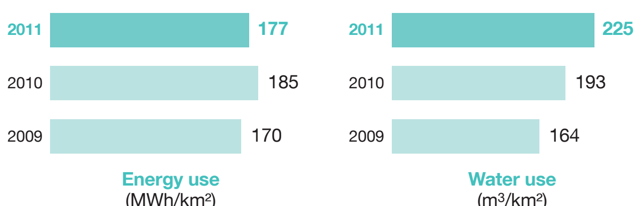
The same criteria have been applied as in 2010, allowing direct year-on-year comparisons.

Results

Chargeurs Protective Films

Energy and water use

Energy use decreased by 4.3%, while water use rose by 16.6% during the year. Half of this increase was due to over consumption by the sprinkler system at the Déville-lès-Rouen plant and the other half was attributable to the plant in Italy.

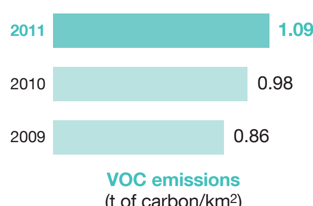


Waste production

Non-hazardous waste production decreased slightly from 2010, while hazardous waste production increased, mainly due to the more frequent cleaning required after smaller production batches.

Volatile organic compound (VOC) emissions

VOC emissions rose by 11.2% in 2011 due to a lower recycling rate for the Déville-lès-Rouen's solvent recovery unit in the first quarter of 2011.



Environmental initiatives and management

One person is employed full-time to deal with environmental, health and safety issues in France and one person is employed part-time in Italy.

In 2011, the French plant maintained its ISO 14001 and ISO 9001 certifications and the Italian plant maintained its ISO 9001, ISO 14001 and OHSAS 18001 certifications.

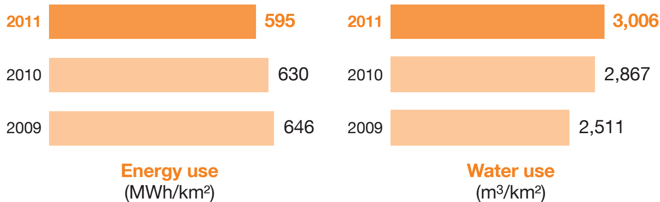
Compliance with REACH legislation

In 2011, the European units of the Protective Films and Interlining businesses verified that their suppliers had pre-registered all of the chemicals they use and that none of these chemicals contained SVHC substances in concentrations exceeding 0.1% w/w. This information is provided to customers on request.

Chargeurs Interlining

Energy and water use

Energy use decreased by 5.5% in 2011, whereas water use rose by 4.8% due to changes in the product mix.

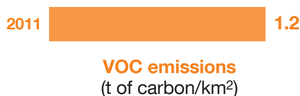


Waste production

Non-hazardous waste production decreased by 13.9% but hazardous waste production increased by 11.6% due to growth in diversification product.

Volatile organic compound (VOC) emissions

Because Chargeurs Interlining only began tracking VOC emissions in 2011, there are no comparative data for previous years.



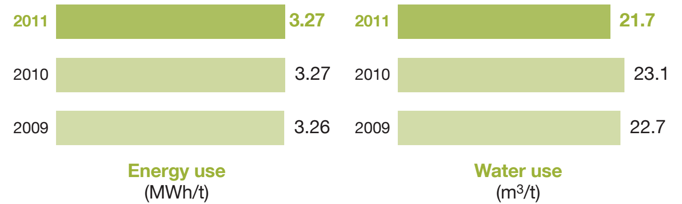
Environmental initiatives and management

In 2011, an average of one full-time equivalent employee was assigned to environmental, health and safety management at each site.

Chargeurs Wool

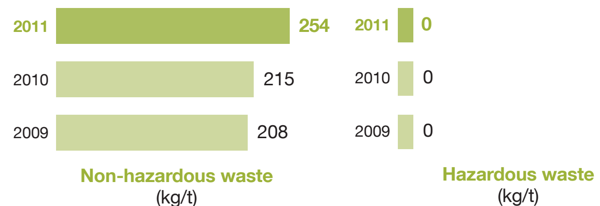
Energy and water use

Energy use per tonne produced was stable compared with 2010, while water use per tonne fell by 6%.

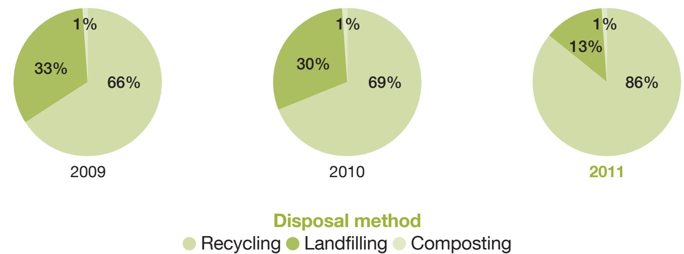


Waste production

The quantity of non-hazardous waste generated per production unit increased by 18.1%, reflecting lagoon cleaning. No hazardous waste was generated during the year.

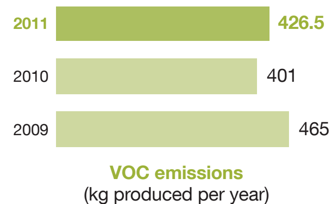


The waste recycling rate improved to 86% from 69% in 2010.



Volatile organic compound (VOC) emissions

Volatile organic compound (VOC) emissions increased by 6.4% from 2010.



Environmental initiatives and management

The combing mill in Uruguay maintained its ISO 14001 and OHSAS 18000 certifications in 2011, and the combing mill in China maintained its ISO 14001 and ISO 9000 certifications. Both units have been awarded the Global Organic Textile Standard (GOTS) label and the ÖKo-Tex 100 ecolabel.

EMPLOYEE INFORMATION

For Chargeurs, sustainable development means deploying resources and implementing action plans to efficiently manage the present and guarantee the Group's long-term viability. All three of Chargeurs' core businesses enjoyed strong demand in the first six months of 2011, continuing the trend seen in 2010. In the second half, however, the financial crisis led to a slowdown in business activity and a decline in orders that was accentuated in the fourth quarter.

Employees

As of December 31, 2011, the Group had **2,143 employees,** 4.5% fewer than at year-end 2010. The decline mainly reflects a 7.2% decrease at Chargeurs Interlining, due to headcount reductions in Europe and Asia. The Africa-Asia region now accounts for 43% of the total workforce. With the 661 employees, China represented 30.8% of the total, versus 33.1% at end-2010. Operations in France employed 25.2% of Chargeurs' overall workforce at end-2011.

Of the total workforce, 28.6% were **women,** compared with 30.1% in 2010. The proportion was 30.5% at Chargeurs Interlining, 34.1% at Chargeurs Wool and 17% at Chargeurs Protective Films.

Temporary staff represented 5.9% of the headcount, compared with 6.8% in 2010.

Training

Management remains fully committed to giving employees the opportunity to improve their skills. In line with the Group's decentralized structure, training programs are the responsibility of the Directors of the individual units. The number of employees who received training rose to 34% of the workforce, versus 33% in 2010, and the average number of training hours received was 24.

Safety

The risk management policy implemented at each stage of the operating process places considerable emphasis on employee safety. The frequency rate improved significantly in 2011 to 14.8 from 21.14 in 2010, and the severity rate declined to 0.4 from 0.72 the year before.

In the Group's textile businesses, the average worldwide frequency rate stood at 13.6, compared with 31.6 for the textile industry in France, where safety regulations are often stricter than in many other countries. The average worldwide severity rate was 0.4, compared with 1.7 for the textile industry in France. At Chargeurs Protective Films, the average frequency rate was 22.9 and the average severity rate was 0.48, compared with chemical/rubber/plastics industry averages of 18.8 and 1.0, respectively.

Social dialogue

Despite its decentralized organizational structure, Chargeurs has always been strategically committed to promoting social dialogue across the Group, especially with employee representatives.

In France, for example, the proportion of trade union representatives has remained unchanged for many years, despite downsizing programs, at around 5.08% of the workforce.

Local employee representation is backed by a Group Works Council in France and a European Committee for Social Dialogue designed to promote constructive exchanges of views between the Executive Committee and employee representatives across Europe.

Compensation

A significant proportion of managers receive performance-related bonuses, in line with the Group's value creation strategy.

Directors' and officers' compensation

The information below has been drawn up based on the recommendations in the Corporate Governance Code for Small- and Mid-caps published by Middlenext in December 2009.

Eduardo Malone joined the Chargeurs Group on July 1, 1973 and held various positions before being appointed Chairman and Chief Executive Officer, when his employment contract was suspended. The gross base compensation paid to Eduardo Malone in his capacity as Chairman and Chief Executive Officer totaled €522,556 in 2011 and €452,556 in 2010.

The amount for 2011 included €350,000 in salary and €91,469 in fees for directorships held within Group subsidiaries as well as the use of a company car valued at €11,087 in 2011, unchanged from 2010. It also included a bonus of €70,000 in respect of 2010's positive results.

Mr Malone's incentive bonus represents a percentage of his base salary, as determined by the Board of Directors, and is contingent on achieving performance criteria concerning consolidated operating profit and net profit set for the year covered by the bonus. In 2012, Mr Malone will be paid a bonus in respect of 2011's positive results.

Martine Odillard joined the Chargeurs Group on October 8, 1979 and held various positions before being appointed Chief Operating Officer, when her employment contract was suspended. The gross base compensation paid to Mrs Odillard in her capacity as Chief Operating Officer totaled €420,207 in 2011.

The amount included €350,000 in salary and €65,000 in fees for directorships held within Group subsidiaries. It also included the use of a company car, valued at €5,207 in 2011.

As well as her base salary, Mrs Odillard is eligible for an incentive bonus which is contingent on performance criteria, as follows: (i) 80% of the bonus is tied to the Group's performance as measured by growth in consolidated operating profit and net profit and (ii) the remaining 20% is based on the achievement of targets set at the beginning of each year for Mrs Odillard's areas of responsibility. In 2012, Mrs Odillard will be paid a bonus in respect of 2011's positive results and the performance of her areas of responsibility.

Neither Eduardo Malone nor Martine Odillard have a supplementary pension plan and they are not entitled to a no-compete indemnity if they leave the Group. In addition, Chargeurs has not given any commitment to pay compensation for loss of office to either Mr Malone or Mrs Odillard. Neither Eduardo Malone nor Martine Odillard benefit from a stock option plan or bonus shares.

The total fees awarded to the members of the Board of Directors for 2011 amounted to €40,000, with each of the four members receiving an equal share. Neither the Chairman nor the Chief Operating Officer received any fees in their capacity as Directors of Chargeurs.

Human resources indicators

EMPLOYEES	Definition	Measurement unit	Scope	12/31/2010	12/31/2011
Total employees	Employees on the payroll at December 31	Employees under permanent and fixed-term contracts	World	2,243	2,143
Use of temporary staff	Temporary staff	% of total employees under permanent and fixed-term contracts	World	6.8%	5.9%
Employees by business	Group employees by business	– Headquarters	World	12	10
		– Chargeurs Protective Films	World	502	523
		– Chargeurs Interlining	World	1,286	1,194
		– Chargeurs Wool	World	353	355
		– Other	World	90	61
Employees by region	Group employees		France	552	540
			Rest of Europe	282	294
			Asia	1,019	922
			Americas	390	387
	Chargeurs Protective Films		Europe	78%	80%
			Asia	6%	6%
			Americas	16%	14%
	Chargeurs Interlining		Europe	32%	33%
			Asia	52%	52%
			Americas	14%	15%
	Chargeurs Wool		Europe	4%	4%
			Asia	59%	59%
			Americas	37%	37%
Gender parity	Group employees	Number of men	World	1,568	1,530
		Number of women	World	675	613
		Percentage of women	World	30.1%	28.6%

TRAINING	Definition	Measurement unit	Scope	12/31/2010	12/31/2011
Numbers of persons trained	Employees who attended at least one training course	% of total employees	World	33%	34%
Training hours	Time spent in training by employees who attended at least one training course	Average training hours per person	World	23 hours	24 hours

SAFETY	Definition	Measurement unit	Scope	12/31/2010	12/31/2011
Accidents	Frequency rate: number of occupational accidents per million hours worked	Occupational accidents resulting in at least one day lost time	World	21.14	14.8
Absenteeism due to occupational accidents	Severity rate: number of days' absence per thousand hours worked	Days lost due to an occupational accident	World	0.72	0.4

COMPENSATION	Definition	Scope	12/31/2010	12/31/2011
Payroll costs	Annual payroll costs recorded in the accounts (in euro millions)	Employees of fully consolidated companies	71.80	75.3

Chairman's report on corporate governance and internal control

This report is presented to the Annual General Meeting of Chargeurs on May 3, 2012, pursuant to article L. 225-37 of the French Commercial Code. It was submitted to the Audit Committee for review on March 8, 2012 and was approved by the Board of Directors on the same date.

REFERENCES

The Board of Directors has decided to use the Corporate Governance Code for Small- and Mid-caps published by Middlenext in December 2009 as Chargeurs' reference for corporate governance practices and procedures, and particularly for the preparation of this report. This Code can be downloaded from the Middlenext website (in French only).

Chargeurs' risk management and internal control practices and procedures are based on the general principles defined by the French securities regulator *(Autorité des Marchés Financiers)* in its July 22, 2010 document entitled *"Cadre de Référence sur les dispositifs de gestion des risques et de contrôle interne : guide de mise en œuvre pour les valeurs moyennes et petites",* which provides risk management and internal control reference guidelines for small- and mid-cap companies.

Chargeurs has gradually begun to implement the recommendations contained in the Middlenext Code and intends to continue this process over the coming years. In line with this, the members of the Board of Directors have been informed of the items included in the *"Points de vigilance"* sections of the Code, which set out the main issues to be addressed in order to ensure that the Company's governance system operates smoothly.

CORPORATE GOVERNANCE

Governance Structure

Chairman and Chief Executive Officer

At its meeting of May 5, 2011, the Board of Directors renewed Eduardo Malone's term as Chairman and Chief Executive Officer.

Limitations of power

Internally, the Chairman must ensure that he has the approval of the Board of Directors to grant guarantees before making commitments on behalf of the Company, except in the event that the Board of Directors has expressly delegated power within the limits defined in articles L. 225-35 and R. 225-28 of the French Commercial Code.

Chief Operating Officer

At its meeting of May 5, 2011, the Board of Directors renewed Martine Odillard's term as Chief Operating Officer.

Limitations of power

Internally, the Chief Operating Officer must be sure of the Chairman and Chief Executive Officer's instructions and seek his approval or validation for transactions outside the scope of routine management.

Board of Directors

Members

The membership of the Board of Directors is presented in the "Corporate governance" section of the Annual Report.

As of the date of this report, the Board comprised six directors, including the Chairman and the Chief Operating Officer. On May 5, 2011, the Annual General Meeting approved a resolution tabled by the Board of Directors to appoint a woman to the Board (Martine Odillard).

Based on the independence criteria set out in the Middlenext Code and adopted by Chargeurs, the Board includes three independent Directors: Salim Meir Ibrahim, Giuseppe Pirola and Georges Ralli. The Board of Directors has an international profile, with four nationalities represented (American, Argentinian, Belgian and Italian).

Organization of the work of the Board of Directors

The Board of Directors meets at least four times a year: twice to examine the interim and annual financial statements, once to review Group strategy in relation to the budget and business plan and once after the Annual General Meeting to implement the decisions voted by shareholders. At each meeting, the Directors also discuss the Group's business performance, major projects and the matters submitted to the Board for a decision.

As the Board of Directors' roles and responsibilities and main operating procedures are set out in the Company's bylaws, the Board considers that it does not need to draw up specific rules of procedure.

Compensation paid to the Chairman and Chief Executive Officer by Group companies is set by the Board of Directors. Mr Malone's incentive bonus represents a percentage of his base salary, as determined by the Board of Directors, and is contingent on achieving performance criteria concerning the Group's financial results. In light of the performance recorded in 2011, Mr Malone will be paid a bonus in respect of 2011 results.

The compensation paid to the Chief Operating Officer by Group companies is also set by the Board of Directors. As well as her base salary, Martine Odillard is eligible for an incentive bonus that is contingent on performance criteria, as follows: (i) part of the bonus is tied to the Group's performance as measured by growth in financial results and (ii) the remaining portion is based on the achievement of targets set at the beginning of each year for Mrs Odillard's areas of responsibility. In light of the Group's performance, Mrs Odillard will be paid a bonus in respect of 2011 results.

The total fees awarded to the members of the Board of Directors for 2011 amounted to €40,000, with each of the four members receiving an equal share. The Chairman and Chief Operating Officer did not receive any fees in their capacity as Directors of Chargeurs.

The Board met five times in 2011 with an average attendance rate of 83%. Each meeting lasted two hours on average.

The Board of Directors did not carry out a formal self-assessment of its work and procedures in 2011 but the Directors discussed these issues at various times during the year.

Audit Committee

At its meeting on December 3, 2009, the Board decided to set up an Audit Committee in application of article L. 823-19 of the French Commercial Code. The Committee currently comprises two Directors – Giuseppe Pirola, Chairman and Salim Meir Ibrahim –, a number the Group considers appropriate in view of the skills and experience of each of its members. The Audit Committee has its own rules of procedure that set out its roles and responsibilities and its operating processes.

The Audit Committee meets at least twice a year, before the Board Meetings held to approve the publication of the annual and interim financial statements. It is tasked with assisting the Board in its role of approving the annual and interim financial statements of the parent company and the Group and preparing information to be disclosed to shareholders and the markets. It monitors the procedures used for Chargeurs' financial reporting process and ensures that the Group's internal control and risk management systems are effective. The Audit Committee also oversees the Statutory Auditors' audit of the financial statements of the parent company and the Group and verifies the Auditors' independence.

The Committee Chairman reports to the Board on the Committee's work on a regular basis.

The Audit Committee met twice in 2011. During these meetings it examined the financial statements for first-half 2011, the Statutory Auditors' fee proposal and Chargeurs' internal control and risk management systems.

When determining the roles and responsibilities of the Audit Committee, the Company referred to the report of the AMF Working Group on Audit Committees, which was issued in 2010 and can be viewed on the AMF's website at http://www.amf-france.org.

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

Definition and objectives of internal control

Internal control is a system that a company defines and implements under its own responsibility to provide reasonable assurance concerning:
– Compliance with laws and regulations.
– Implementation of the instructions and guidelines set by senior management or the Board of Directors.
– Efficient operation of the company's internal processes, particularly those contributing to the protection of its assets.
– Reliability of financial reporting.

More generally, it contributes to the control of the company's business, the effectiveness of its operations and the efficient use of its resources.

By helping to anticipate and control risks that could prevent the company from meeting its objectives, internal control plays a key role in managing and overseeing its various business operations.

Scope of internal control

The Group is organized around a lean holding company structure (Chargeurs) and three core businesses (Chargeurs Protective Films, Chargeurs Interlining and Chargeurs Wool), each with their own holding company, and operating subsidiaries.

Components of internal control

An efficient organization

Empowering the operating companies is a fundamental principle at Chargeurs and one that is made possible by efficient information systems that provide the holding company with high quality financial information, detailed information to understand its businesses and how they generate earnings and cash, and the means to swiftly identify risks. In recent years, the rollout of the Chargeurs management model using securitization techniques has placed risk identification at center stage.

This model is based on obtaining accurate information about risks so that they can be actively managed. For the implemented financial structures to operate effectively, it is essential to analyze and eliminate a large number of risks. The transactions, put together with risk management professionals such as insurers, banks and investors, automatically bring with them the controls that are a standard feature of securitizations.

Chargeurs is engaged in several very different businesses and has operations around the world. To take into account this diversity and the specificities of the management model, we have implemented organizational measures designed to manage the risks that are likely to have a material adverse effect on our earnings, assets and commitments. The cornerstones of the system are:
– Empowerment and accountability: the Chairmen and Managing Directors of the subsidiaries have full responsibility for managing their units.
– Short lines of communication.
– Regular reporting on strategic issues.
– Group insurance programs covering all insurable risks.
– An Insurance Manager for each core business.
– Groupwide Intranet access to operational procedures and rules.

An information system focused on accountability

Chargeurs' information system is based on the monthly income statements and key balance sheet indicators reported by each of our 69 consolidated companies.

Reflecting our deep-rooted culture of producing high quality financial information, we were one of the first companies in France to set up a monthly management reporting system based on the same accounting standards used to produce the statutory and the consolidated financial statements. Over the years, this process has been improved and, for several years now, management and statutory reporting data have been managed by the same information system. With the generation of the consolidated accounts now simply the last phase in the process, this ensures constant control over the production of financial information.

In 2010, we introduced a new higher-performing reporting and consolidation software for our financial controllers that is more suited to Chargeurs' current business and structure.

Each subsidiary's Managing Director and Finance Director sends me comments on their monthly results, presented in a standard format.

I review these results, together with the updated annual forecasts reflecting the impact of any significant new developments, during monthly meetings with the Managing Directors of the core businesses.

A system to map, analyze and deal with the main identifiable risks

The Executive Committee pinpoints mission-critical issues and designates the most appropriate manager for each one, regardless of his/her position relative to other managers. A specific reporting system is in place so that I am informed directly, at regular intervals, of the status of these managers' work. The quality of their status reports is one of the areas covered during their annual performance review.

The issues dealt with generally concern events that could have a material adverse effect on our financial results and our Group's various risk exposures.

An outside consulting firm, specialized in economic forecasting, is used to help evaluate macro-economic risks specific to each of our host countries. The consultants periodically present their findings to the Executive Committee and model certain specific risks when requested by one of our businesses.

From time to time, Chargeurs retains the services of specialized firms to either perform key analyses or temporarily support its operational teams when critical projects are being implemented.

This organization places the Executive Committee at the center of the risk management process.

The main risks identified by the Company in 2011 are the same as the ones set out in section 1.2, "Risk factors" in the Registration Document filed with the AMF on December 30, 2009.

Control procedures sized to address the challenges of each process

Since 2003, the main management processes have been analyzed in order to document and map financial statement risks, the related potential financial impact and the internal controls in place to contain them.

As part of this exercise, each core business has identified the three or four most sensitive processes and reviewed the highest risk transactions within each one. The procedures in place to manage and control these transactions have also been identified.

These analyses serve to prioritize future measures, representing the starting point for the Group's drive to strengthen control over its processes.

Constant oversight of internal control procedures

Supervising internal control

The subsidiaries' Finance Directors are responsible for controlling the accounting and reporting processes. Second-tier controls are performed by the Finance Directors of the core businesses as part of their oversight role with regard to the subsidiaries.

Internal audit

Chargeurs does not have an integrated internal audit department and therefore generally relies on local specialized firms in each region.

Internal audit processes are overseen by Group Financial Control, which reports to senior management. Supervision of internal audit matters is shared between the different members of the Audit Committee.

During 2011, Chargeurs applied the new version of its administrative and finance manual, updated in 2010.

External audit

Two audit firms share the task of auditing our consolidated financial statements. All of the local Auditors' observations arising from their audits of our subsidiaries' accounts are reported to the subsidiaries' senior management. The Group Auditors produce a summary of these observations, which is presented to me during twice-yearly meetings.

The Group Finance Department is responsible for ensuring that the Auditors' recommendations involving organizational changes or changes to procedures are implemented without delay.

The representation letters issued by the subsidiaries' Managing Directors to the Auditors are centralized by Chargeurs, to emphasize each Managing Director's accountability for information related to his or her subsidiary included in the Group financial statements.

Chargeurs' risk-management and internal control situation at end-2011

I believe that the risk management and internal control procedures related to the processing and preparation of accounting and financial information at the end of 2011 were appropriate considering the Group's characteristics. As these characteristics make in-depth testing of our processes very costly, few such tests are currently performed. Further investments will be committed in coming years in this area.

The 2012 action plan is based on the following strategic priorities:

– Continuing to monitor the internal control system and effective application of procedures, notably those described in the updated administrative and finance manual.

– Systematically updating the internal control risk maps and continuing to raise awareness of internal control and risk management issues within the Group's operating entities.

– Launching an international audit of all of the Group's insurance coverage.

– Regularly documenting delegations of authority and updating them in line with any changes in the roles and responsibilities of the authorized parties.

SHAREHOLDER PARTICIPATION IN GENERAL MEETINGS

Article 19 of Chargeurs' bylaws, relative to attendance and representation at General Meetings, provides that:
– Shareholders may give proxy to their spouse or another shareholder in accordance with the applicable laws and regulations.
– Minors and incapacitated persons may be represented by their legal guardian or conservator, and companies and other legal entities may be represented by a person with power of attorney or other authority, in accordance with the law.
– Spouses, guardians, conservators and other representatives are not required to be shareholders of Chargeurs.
– Only shareholders whose shares are registered or recorded in a securities account on the basis prescribed by law are entitled to participate in General Meetings.
– The Board may decide to issue admission cards to eligible persons in their name and for their use only.
– Shareholders can vote by filling out and returning to the Company a postal voting form or proxy form, in accordance with the applicable regulations.
– Prior to each Meeting, the Board may decide that shareholders who take part in the Meeting via videoconference or any other telecommunication means that allows them to be identified and whose nature and conditions of use are determined by a decree of the *Conseil d'État* are deemed present and included for quorum and majority purposes.

ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER

None of the items mentioned in article L. 225-100-3 of the French Commercial Code is likely to have an impact in the event of a public tender offer, except for the following:
– The Company's capital structure, as described in the Report of the Board of Directors presented at the Annual General Meeting and published on Chargeurs' website.
– Direct or indirect investments in the Company's shares of which Chargeurs is notified pursuant to articles L. 233-7 and L. 233-12 of the French Commercial Code, and which are discussed in the Report of the Board of Directors presented at the Annual General Meeting and published on Chargeurs' website.
– The rules governing the election or replacement of Board members and changes to the Company's bylaws, referred to in articles 9, 10 and 22 of the bylaws.
– The powers of the members of the Board of Directors, defined in article 14 of the bylaws.

Eduardo Malone,
Chairman and Chief Executive Officer
March 2012

Statement by the person responsible for the annual financial report

I hereby declare that, to the best of my knowledge, (i) the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Chargeurs and the consolidated companies, and (ii) the management report included in the annual financial report presents a true and fair view of the business development, results and financial position of Chargeurs and the consolidated companies, together with a description of the main risks and uncertainties they face.

Eduardo Malone,
Chairman and Chief Executive Officer
March 2012

Financial Report

2011 FINANCIAL REVIEW

Results

Consolidated revenue

Revenue totaled €552.1 million, up 7.8% over 2010.

All of the Group's businesses contributed to the increase, which stemmed primarily from the policy to pass on higher raw material prices to selling prices.

Revenue by business

Chargeurs Protective Films' revenue increased by 1.5%, reflecting a 2.9% favorable price and conversion effect and a 1.4% negative volume effect.

Revenue for Chargeurs Interlining rose by 1.2%, reflecting a 4.3% favorable price and conversion effect and a 3% negative volume effect.

Chargeurs Wool's revenue climbed 23.4% over the year, lifted by a 26.1% favorable price and conversion effect, which largely offset a 2.7% negative volume effect.

Sales generated outside France represented 94% of the consolidated total. The weighting of the main markets changed slightly from the previous year, as follows:

1. Italy: 19%.
2. China: 16.4%.
3. USA: 9.6%.
4. Germany: 8.5%.
5. France: 6%.

Together, these five markets accounted for 59.5% of total revenue.

Operating profit

Consolidated operating profit amounted to €23.7 million, representing 4.3% of total revenue.

Chargeurs Protective Films reported operating profit of €10.3 million, down slightly from 2010 due to reduced demand in the last months of the year.

Chargeurs Interlining encountered the same situation, with operating profit coming to €8.6 million.

Chargeurs Wool's operating profit increased significantly to €6.7 million thanks to improved market conditions.

Finance costs and other financial income and expense, net

Finance costs and other financial income and expense represented a net expense of €10.4 million, versus €9.9 million in 2010, and comprised the cost of net debt, factoring costs, and €1.1 million in convertible bond interest costs.

Share of profits/(losses) of associates

The Group's share of profits and losses of associates came to €1.2 million, versus €0.2 million in 2010, with our Chinese associates contributing most of the improvement.

Income tax expense

The Group ended the year with an income tax expense of €4.5 million, compared with an income tax benefit of €1.6 million in 2010.

The difference primarily reflects the recognition in 2010 of the reversal of €5.2 million in valuation allowances on deferred tax assets.

Net profit

The Group ended the year with a net profit of €10.5 million, versus €12.9 million in 2010.

Balance sheet and financial management

Equity excluding non controlling interests stood at €183 million at December 31, 2011.

Net debt excluding convertible bonds amounted to €80.6 million at December 31, 2011, compared with €63.1 million a year earlier, and included net bank debt (excluding finance lease liabilities) of €65.2 million, versus €42.8 million.

Together, the various Chargeurs companies had cash and cash equivalents of €69.5 million at end-2011, compared with €83.2 million at the previous year-end.

Parent company financial statements

The parent company reported an operating loss of €2.3 million in 2011 (€4.5 million in 2010).

Finance costs and other financial income and expense represented net income of €5 million, primarily reflecting €4 million in reversals of provisions to re-align the carrying amount of shares in subsidiaries and affiliates with their fair value at the year-end.

Non-recurring items represented net income of €5.4 million.

The Company reported pre-tax profit of €8.1 million.

A tax benefit of €0.7 million was recorded, corresponding to group relief.

The Company ended the year with net profit of €8.8 million.

Non-deductible expenses that are disclosable to shareholders pursuant to articles 223 quarter and 39-4 of the *Code Général des Impôts* and the related tax impact amounted to €21.4 thousand in 2011.

As in 2010, the total amount of trade payables (€40 thousand at December 31, 2011, versus €0.4 million in 2010) is due within 60 days.

March 2012

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Consolidated financial statements

CONSOLIDATED BALANCE SHEET

Year ended December 31 (in euro millions)

Assets

	2011	2010
Non-current assets		
Property, plant and equipment (note 5)	56.9	59.4
Intangible assets (note 6)	71.6	70.9
Investments in associates (note 8)	19.6	18.3
Deferred tax assets (note 9)	18.7	18.6
Non-current financial assets		
– Investments in non-consolidated companies (note 10))	1.7	2.2
– Long-term loans and receivables (note 11)	7.6	7.4
Other non-current assets (note 13)	3.4	4.3
	179.5	**181.1**
Current assets		
Inventories and work-in-progress (note 14)	166.2	149.4
Trade receivables (note 15)	52.9	50.9
Factored receivables(1)	62.6	64.6
Derivative instruments (note 12)	2.2	1.2
Other receivables (note 16)	42.7	35.3
Cash and cash equivalents (note 17)	69.5	83.2
	396.1	**384.6**
Assets held for sale (note 18)	2.6	4.8
Total assets	**578.2**	**570.5**

Equity and liabilities

	2011	2010
Equity		
Attributable to owners of the parent		
Share capital (note 19)	2.1	2.1
Share premium account (note 19)	37.4	36.9
Other reserves and retained earnings (note 19)	124.3	111.5
Profit for the period	10.5	12.9
Treasury stock	(1.2)	(1.2)
Translation reserve	9.9	5.3
	183.0	**167.5**
Non-controlling interests	7.2	**6.7**
Total equity	**190.2**	**174.2**
Non-current liabilities		
Convertible bonds (note 20)	13.3	12.7
Long-term borrowings (note 21)	57.1	90.1
Deferred tax liabilities (note 9)	0.9	0.9
Pension and other long-term employee benefit obligations (note 22)	10.7	10.0
Provisions (note 23)	2.5	1.9
Other non-current liabilities (note 24)	10.2	10.0
	94.7	**125.6**
Current liabilities		
Trade payables (note 24)	94.4	93.2
Other payables (note 24)	41.3	51.7
Factoring liabilities(1)	62.6	64.6
Current income tax liability	1.1	1.0
Derivative instruments (note 12)	0.2	0.5
Short-term portion of long-term borrowings (note 21)	22.9	7.8
Short-term bank loans and overdrafts (note 21)	70.1	48.4
	292.6	**267.2**
Liabilities related to assets held for sale	0.7	3.5
Total equity and liabilities	**578.2**	**570.5**

(1) Receivables for which title has been transferred (see note 3.2).
Notes 1 to 38 are an integral part of the 2011 consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

Year ended December 31 (in euro millions)

	2011	2010
Revenue	**552.1**	**512.0**
Cost of sales	(437.8)	(398.1)
Gross profit	**114.3**	**113.9**
Distribution costs	(54.8)	(55.3)
Administrative expenses	(35.0)	(34.9)
Research and development costs	(3.7)	(3.2)
Other operating income (note 26)	4.9	11.5
Other operating expense (note 26)	(2.0)	(10.7)
Operating profit	**23.7**	**21.3**
Finance costs and other financial expense	(13.4)	(15.4)
Financial income	3.0	5.5
Finance costs and other financial income and expense, net (note 28)	**(10.4)**	**(9.9)**
Share of profit of associates	1.2	0.2
Pre-tax profit for the period	**14.5**	**11.6**
Income tax (expense)/benefit (note 29)	(4.5)	1.6
Profit from continuing operations	10.0	13.2
Profit/(loss) from discontinued operations	0.5	(0.4)
Profit for the period	**10.5**	**12.8**
Attributable to:		
Owners of the parent	10.5	12.9
Non-controlling interests		(0.1)
Earnings per share (in euros)		
– Basic earnings per share	0.8	1.1
– Diluted earnings per share	0.5	0.7
Weighted average number of shares outstanding	12,906,924	11,561,700

Notes 1 to 38 are an integral part of the 2011 consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31 (in euro millions)

	2011	2010
Profit for the period	**10.5**	**12.8**
Other components of other comprehensive income	(0.1)	(0.1)
Exchange differences on translating foreign operations	5.0	16.2
Available-for-sale financial assets		
– Fair value adjustments for the period recognized in equity	–	–
– Cumulative fair value adjustments reclassified to profit or loss	–	–
Cash flow hedges		
– Fair value adjustments for the period recognized in equity	0.1	(0.6)
– Cumulative fair value adjustments reclassified to profit or loss	–	–
Income tax relating to components of other comprehensive income	–	–
Other comprehensive income for the period, net of tax	**5.0**	**15.5**
Total comprehensive income for the period	**15.5**	**28.3**
Attributable to:		
Owners of the parent	15.0	27.6
Non-controlling interests	0.5	0.7

Notes 1 to 38 are an integral part of the 2011 consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 (in euro millions)

	2011	2010
Cash flows from operating activities		
Pre-tax profit of consolidated companies	13.3	11.4
Adjustments (note 32)	9.2	(0.6)
Income tax paid	(4.0)	(3.2)
Cash generated by operations	**18.5**	**7.6**
Dividends from associates	0.7	0.3
Change in operating working capital	(30.0)	(6.9)
Net cash from/(used by) operating activities	**(10.8)**	**1.0**
Cash flows from investing activities		
Purchases of intangible assets	(0.2)	(0.3)
Proceeds from sales of intangible assets	–	–
Purchases of property, plant and equipment	(6.3)	(6.9)
Proceeds from sales of property, plant and equipment	2.0	1.4
Purchases of non-current financial assets(1)	(0.6)	(2.2)
Proceeds from sales of non-current financial assets	–	–
Other movements	0.7	0.8
Net cash used by investing activities	**(4.4)**	**(7.2)**
Cash flows from financing activities		
Proceeds from issues of shares on conversion of bonds	0.5	5.1
(Purchases)/sales of treasury stock	–	–
Proceeds from convertible bond issues	–	21.5
Proceeds from new borrowings	0.5	0.6
Conversion of bonds	(0.5)	(5.1)
Repayment of borrowings	–	(2.8)
Other movements	–	10.0
Dividends paid to owners of the parent	–	–
Net cash from financing activities	**0.5**	**29.3**
(Decrease)/increase in cash and cash equivalents	**(14.7)**	**23.1**
Cash and cash equivalents at beginning of period	83.2	55.9
Cash and cash equivalents reclassified as “Assets held for sale”	–	1.0
Effect of changes in foreign exchange rates	1.0	3.2
Cash and cash equivalents at period-end	**69.5**	**83.2**

(1) Capital increase of non-consolidated companies.
Notes 1 to 38 are an integral part of the 2011 consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31 (in euro millions)

	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Treasury stock	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
At December 31, 2009	**166.0**	**32.2**	**(57.1)**	**(10.1)**	**0.4**	**(1.2)**	**130.2**	**6.0**	**136.2**
Issue of share capital	0.4	4.7					5.1		5.1
Capital reduction	(164.3)		164.3				0.0		0.0
Equity component of convertible bonds			4.6				4.6		4.6
Changes in treasury stock							0.0		0.0
Dividends paid							0.0		0.0
Profit for the period			12.9				12.9	(0.1)	12.8
Other comprehensive income/ (expense) for the period			(0.1)	15.4	(0.6)		14.7	0.8	15.5
At December 31, 2010	**2.1**	**36.9**	**124.6**	**5.3**	**(0.2)**	**(1.2)**	**167.5**	**6.7**	**174.2**
Issue of share capital		0.5					0.5		0.5
Capital reduction							0.0		0.0
Equity component of convertible bonds							0.0		0.0
Changes in treasury stock							0.0		0.0
Dividends paid							0.0		0.0
Profit for the period			10.5				10.5		10.5
Other comprehensive income/ (expense) for the period			(0.2)	4.6	0.1		4.5	0.5	5.0
At December 31, 2011	**2.1**	**37.4**	**134.9**	**9.9**	**(0.1)**	**(1.2)**	**183.0**	**7.2**	**190.2**

Notes 1 to 38 are an integral part of the 2011 consolidated financial statements.

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1. General information

In 2011, Chargeurs and its subsidiaries (the Chargeurs Group) were organized around three business lines: Chargeurs Protective Films (development and marketing of technical solutions to protect steel, aluminum, plastic and other surfaces during the production process), Chargeurs Interlining (interlining and technical fabrics production and marketing) and Chargeurs Wool (wool processing). Chargeurs is a *société anonyme* governed by the laws of France. Its headquarters are located at 29-31, rue Washington, 75008 Paris, France.

Chargeurs shares are listed on NYSE Euronext Paris.

The consolidated financial statements for the year ended December 31, 2011 were approved by the Board of Directors on March 8, 2012 and will be submitted to shareholders for approval on May 3, 2012. All amounts are expressed in millions of euros, unless otherwise specified.

The Board has decided that, at the Annual General Meeting scheduled for May 3, 2012, it will recommend to shareholders that no dividend be paid for 2011.

2. Summary of significant accounting policies

The significant accounting policies applied to prepare the consolidated financial statements are described below. Unless otherwise specified, these policies were applied consistently in all the periods presented.

2.1 Basis of preparation

The 2011 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. These standards can be downloaded from the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index-en.htm).

The consolidated financial statements have been prepared under the historical cost convention, except for land and buildings, revalued at January 1, 2004, available-for-sale financial assets, financial assets and liabilities measured at fair value through profit or loss (including derivative instruments), financial assets and liabilities measured at amortized cost and assets and liabilities underlying fair value hedges.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.2 Summary description of new, revised and amended standards and interpretations

(a) New standards, interpretations and amendments to existing standards whose application was mandatory for the first time in the year ended December 31, 2011:

Adopted by the European Union

Affecting the Group:

- Improvements to IFRSs (issued by May 2010).
- Amendment to IAS 24 – Related Party Disclosures (revised November 2009).
- Amendments to IFRIC 14 – Prepayments of a Minimum Funding Requirement.
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

Not affecting the Group:

- Amendments to IFRS 1 and IFRS 7 – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters.
- Amendment to IAS 32 – Classification of Rights Issues.

(b) New standards, interpretations and amendments to existing standards applicable in future years and not early adopted by the Group:

Adopted by the European Union

- Amendment to IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets.

Not yet adopted by the European Union

Affecting the Group:

- IFRS 9 – Financial Instruments.
- IFRS 10 – Consolidated Financial Statements.
- IFRS 11 – Joint Arrangements.
- IFRS 12 – Disclosure of Interests in Other Entities.
- IFRS 13 – Fair Value Measurement.
- Amendment to IAS 1 – Presenting Comprehensive Income.
- Amendment to IAS 12 – Deferred Tax: Recovery of Underlying Assets.
- IAS 19 revised – Employee Benefits.
- IAS 27 – Separate Financial Statements.
- IAS 28 – Investments in Associates and Joint Ventures.

Not affecting the Group:

- Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine.

2.3 Consolidation methods

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.
Investments that meet the above criteria but which are not material are measured at cost less any impairment.
Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
Acquisitions of subsidiaries are accounted for by the purchase method. The cost of acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred.
Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values, irrespective of the extent of any non-controlling interests. The excess of the acquisition cost over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.
If the cost of the acquisition is less than the fair value of the Group's share of the net assets of the acquired subsidiary, the difference is recognized directly in the income statement.
Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated.
Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with non-controlling interests

Disposals to non-controlling interests resulting in a loss of control of the subsidiary give rise to gains and losses for the Group that are recorded in the income statement. Disposals to non-controlling interests that do not result in a loss of control are treated as an equity transaction with owners and recognized in the statement of changes in equity.
Acquisitions of additional shares in a subsidiary (above 50%) are recognized in the statement of changes in equity.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method and are initially recognized at cost. The carrying amount of investments in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition (see note 2.7).
The Group's share of associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves – which have no impact on profit or loss – is recognized directly in reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses of an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate.
Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate concerned. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Non-consolidated companies

Distribution companies that have been recently created and/or individually generate less than €3 million in annual revenue are not consolidated.
The effect on equity of including these companies in the consolidation scope at December 31, 2011 would have been less than €2 million.

2.4 Segment reporting

An operating segment is a group of assets and operations corresponding to a management unit.
A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments. Chargeurs operates in three geographical segments: Europe – including the Group's home market, France – the Americas and Asia. The "Asia" segment encompasses the Asia-Pacific region and Africa.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The consolidated financial statements are presented in euros, which is Chargeurs' functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into each entity's functional currency using the exchange rates prevailing at the dates of the transactions.
Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement, except

when deferred in equity as qualifying cash flow hedges. In this case, gains and losses on the cash flow hedge accumulated in equity are reclassified to the income statement when the exchange gain or loss on the hedged item is recognized.
Exchange gains and losses arising from translation of foreign currency receivables and payables are recognized in the income statement.

(c) Group companies

The results and financial position of all Group entities that have a functional currency other than the euro are translated as follows: (i) statement of financial position items are translated at closing exchange rates, (ii) income statement items are translated at average exchange rates for the period, and (iii) all resulting exchange differences are recognized as a separate component of equity under "Translation reserve" and "Non-controlling interests".
Exchange differences arising from the translation of the net investment in subsidiaries with a functional currency other than the euro, and of instruments designated as hedges of such investments, are recorded under "Translation reserve" in equity.
When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent depreciation and impairment, except for land, which is not depreciated and is stated net of any accumulated impairment losses. Cost comprises the purchase price, capitalized interest and initial fair value adjustments. Capitalized interest corresponds to interest costs, whether on designated borrowings or on other designated sources of finance, arising during the period preceding the date the asset is put into service.
On first-time adoption of IFRS, land and buildings were measured at fair value at January 1, 2004 (the IFRS transition date) based on independent valuations, and these fair values were used at the assets' deemed cost at that date.
The cost of dismantling and removing old assets and restoring the site on which they are located is included in the assets' carrying amount.
Each significant part of an item of property, plant or equipment whose useful life is different from that of the asset as a whole is recognized and depreciated separately.
Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:
- Buildings: 15 to 40 years.
- Plant and equipment: 4, 8, 12 or 20 years.
- Fixtures and fittings: 5 to 10 years.

(a) Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.
Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases and recognized as assets and liabilities. The capitalized amount corresponds to the lower of the fair value of the leased property at the inception of the lease and the present value of the minimum lease payments.

(b) Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment whenever there is any internal or external indication that they may be impaired and they are also included in the annual impairment tests performed by the Group on its individual businesses. If these tests show that the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in addition to accumulated depreciation. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).
In the absence of an observable market price, the recoverable amount of a cash-generating unit is considered to be equal to the higher of its value in use, corresponding to the discounted future cash flows expected to be generated by the unit, and its fair value less costs to sell. In practice, most calculations are based on value in use.
Gains and losses on the sale of property, plant and equipment are calculated by comparing the sale proceeds with the carrying amount of the sold asset and are recognized in the income statement.

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the acquisition-date fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate. Goodwill on acquisitions of subsidiaries is included in "Intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates". All goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment losses recognized as a result of these tests are irreversible. Gains and losses on the disposal of an entity include the carrying amount of any goodwill relating to that entity.

(b) Trademarks and licenses

Trademarks and licenses are initially recognized at historical cost. They have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (between fifteen and twenty years).

(c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful lives of the software concerned (between three and five years).
Costs associated with developing or maintaining computer software programs are expensed as incurred.

(d) Development costs

Development costs are capitalized when the Group can demonstrate all of the following:
– The technical feasibility of completing the intangible asset so that it will be available for use or sale.
– Its intention to complete the intangible asset and use or sell it.
– Its ability to use or sell the intangible asset.
– How the intangible asset will generate probable future economic benefits.
– The availability of adequate technical and financial resources to complete the development.
– Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

Capitalized development costs are amortized over the estimated useful life of the asset concerned.

(e) Impairment of intangible assets

Goodwill and other intangible assets with indefinite useful lives are tested for impairment every year to determine if their recoverable amount is at least equal to their carrying amount, irrespective of whether there is any indication that they may be impaired (see note 6).
Any impairment losses recognized on goodwill as a result of these tests are irreversible.
The carrying amount of goodwill in the consolidated statement of financial position corresponds to the gross amount less any accumulated impairment losses.

2.8 Financial assets and liabilities

DEFINITIONS

The Group classifies its financial assets into the following categories in accordance with IAS 39: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and financial assets designated upon initial recognition as at fair value through profit or loss. Derivative instruments are categorized as held for trading, unless they are designated as part of a hedging relationship. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within twelve months of the reporting date.
In the consolidated statement of financial position, these items are recorded under "Derivative instruments" (note 12).

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in "Other receivables" under current assets except when they are due more than twelve months after the reporting date, in which case they are recorded as non-current assets under "Long-term loans and receivables" (note 11) or "Other non-current assets" (note 13).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or are not classified in any of the other categories. They are included in non-current assets unless Management intends to dispose of them within twelve months of the balance sheet date.
Available-for-sale financial assets correspond to "Investments in non-consolidated companies" (note 10) in the consolidated statement of financial position.

(d) Financial liabilities

Financial liabilities as defined by IAS 39 include borrowings measured at amortized cost and financial liabilities measured using the fair value option. They correspond to "Borrowings" (note 21) and "Other non-current liabilities, trade payables and other payables" (note 24) in the consolidated balance sheet.

RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS

(a) Investments in non-consolidated companies

Investments in non-consolidated companies represent Group interests in entities that are not controlled by the Group. They are stated at cost, which the Group considers to represent fair value, as no active market exists which would enable the fair value to be measured reliably. Impairment losses are recorded for a prolonged decline in value in use, which is determined based on the most appropriate financial criteria, including the Group's equity in the underlying net assets and the earnings outlook of the company concerned.

(b) Loans and receivables

Loans and receivables are measured at amortized cost using the effective interest method. If there is objective evidence that they are impaired, an impairment loss is recorded to write these assets down to their fair value. They are tested for impairment at each reporting date, or whenever there is an indication that they may be impaired, by comparing their recoverable amount with their carrying amount. Any impairment losses are recorded in the income statement.
Trade receivables have short maturities and are therefore stated at nominal value.

(c) Marketable securities

Gains and losses arising on changes in the fair value of marketable securities are recognized in the income statement during the period in which they arise.

RECOGNITION AND MEASUREMENT OF FINANCIAL LIABILITIES

Borrowings and other financial liabilities are generally measured at amortized cost using the effective interest method. Operating liabilities have original maturities of less than one year and are therefore stated at nominal value.
Financial liabilities hedged by interest-rate swaps qualify for fair value hedge accounting under IAS 39. The gain or loss from remeasuring the hedged financial liability is recognized in profit or loss and is offset by the loss or gain from remeasuring the swap at fair value.

FAIR VALUE DISCLOSURES

IFRS 7 requires companies to disclose the technique used to measure financial instruments at fair value, based on the three levels of inputs introduced in the fair value hierarchy. These are quoted prices for similar instruments (level 1), directly observable market inputs other than level 1 inputs (level 2) and inputs not based on observable market data (level 3).

The table below shows the fair value hierarchy classification for the Group's financial assets measured at fair value. No financial liabilities are measured at fair value other than derivative instruments.

	Level 1	Level 2	Level 3
Marketable securities	■		
Derivative instruments		■	
Investments in non-consolidated companies			■

2.9 Derivative instruments and hedges

The Group uses derivatives to hedge its exposure to currency risks. All derivative instruments are recognized in the statement of financial position and measured at fair value.

The Group hedges forecast transactions in foreign currencies, such as sales of products in dollars. Changes in the fair value of derivative instruments that qualify as hedges of forecast transactions are recognized directly in equity and subsequently reclassified to profit or loss in the same period or periods when the transaction is settled and impacts profit or loss.
Changes in the fair value of hedged firm commitments and of currency derivatives that qualify as fair value hedges are recorded in the income statement.
Changes in the fair value of financial instruments used to hedge currency risks on the Group's net investment in foreign operations that result from changes in exchange rates are recognized in equity under "Translation reserve", offsetting all or part of the opposite change in the fair value of the underlying net investment caused by changes in exchange rates.
Depending on the circumstances, interest rate swaps are used to convert variable rate debt into fixed rate debt and vice versa. In the first case, gains and losses arising from remeasurement of the swaps at fair value are accumulated in equity and reclassified into profit or loss when the variable rate interest is recognized.
In the second case, the gains and losses are recognized directly in profit or loss and the carrying amount of the hedged portion of the underlying debt is adjusted to reflect the rate change.
Fair value adjustments to interest rate and currency derivatives held for trading are recognized immediately in the income statement.

2.10 Deferred taxes

Deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax base, as follows:
- All deferred tax liabilities are recognized.
- Deferred tax assets arising from temporary differences or from tax loss carryforwards are recognized only when it is probable that the differences will reverse or the assets will be recovered in the foreseeable future.

Deferred tax assets and liabilities are adjusted at the year-end for enacted changes in tax rates and tax laws.
A deferred tax liability is recognized for withholding taxes only in respect of dividends for the year to be received in the following year.
Deferred tax assets and liabilities are offset within each company or taxable entity.

2.11 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The cost of finished products and work-in-progress includes raw materials, direct production costs and production overheads based on normal capacity utilization rates.

2.12 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. Amortized cost is measured by the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Indications that a receivable may be impaired include any significant financial difficulties encountered by the debtor, the probability of the debtor filing for bankruptcy or a financial restructuring, a risk of default or a missed payment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the initial effective interest rate. It is recorded in the income statement under "Distribution costs".

2.13 Cash and cash equivalents

Cash and cash equivalents analyzed in the cash flow statement correspond to cash in hand, marketable securities and short-term deposits. Cash equivalents are highly liquid instruments with short maturities (less than three months) that are not exposed to any material risk of impairment.
Marketable securities are accounted for as financial assets at fair value through profit or loss. Short-term bank deposits and cash in hand are qualified as loans and receivables and are measured at amortized cost.
Bank overdrafts are recorded under "Short-term bank loans and overdrafts" in current liabilities.

2.14 Share capital

Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or stock options are recorded in equity as a deduction from the issue proceeds, net of tax.
Where any Group company purchases Chargeurs shares (treasury stock), the consideration paid, including directly attributable incremental costs (net of income taxes), is deducted from equity attributable to owners of the parent until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the parent.

2.15 Bond debt

Convertible bonds are compound financial instruments comprising two components – a financial liability and an equity instrument – which are measured and accounted for separately. In accordance with IAS 32 – Financial Instruments: Presentation, the carrying amount of the equity instrument corresponds to the difference between the fair value of the compound instrument as a whole and the fair value of the financial liability, calculated as the fair value of a similar liability that does not have an associated equity component.
The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is not adjusted during the life of the instrument. The liability component is measured at amortized cost over the instrument's expected life.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs. They are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.
Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the reporting date, in which case they are classified as non-current.

2.17 Employee benefits

Obligations for the payment of post-employment benefits and other long-term employee benefits are measured by the projected unit credit method and recognized in accordance with IAS 19.
The recognized obligation takes into account the fair value of plan assets – for example under insured plans – at the reporting date.
For post-employment benefit plans, actuarial gains and losses arising as a result of changes in actuarial assumptions and experience adjustments are expensed over the estimated remaining service lives of employees using the corridor method.
For other long-term employee benefits and length-of-service awards payable to employees on retirement, actuarial gains and losses are recognized immediately.

2.18 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when (i) the Group has a present legal or constructive obligation as a result of past events, (ii) it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) the amount of the provision can be reliably estimated. Restructuring provisions include lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.
The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability concerned. The increase in the carrying amount of provisions to reflect the passage of time is recognized as interest expense.

2.19 Revenue recognition

Revenue from sales of goods and services is recognized, net of value-added tax, rebates and discounts, when the risks and rewards incidental to ownership of the goods are transferred to the customer or when the service is rendered.

2.20 Other operating income and expense

This item primarily consists of foreign exchange gains and losses, restructuring costs and impairment losses.

2.21 Earnings per share

Basic earnings per share are computed by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding, representing the number of shares issued less the average number of Chargeurs shares held by the Company or its subsidiaries.
Depending on the circumstances at the year-end, the dilutive instruments taken into account for the calculation of diluted earnings per share may include employee stock options, stock warrants and/or converted bonds. The dilutive instruments concerned are taken into account as from their grant or issue date, except in cases where their exercise price exceeds the market price of Chargeurs shares.

3. Use of accounting estimates and assumptions

The preparation of financial statements under IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

3.1 Critical accounting estimates and assumptions

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods are analyzed below.

(a) Impairment of goodwill

Goodwill is tested for impairment on an annual basis as described in note 2.7. The recoverable amounts of cash-generating units are determined based on calculations of value in use, which require the use of estimates (see note 6).
Impairment tests performed in 2011 did not reveal any impairment in the carrying amount of goodwill.

(b) Income tax

The tax assets arising from group relief in France, tax loss carryforwards and deductible temporary differences are assessed based on forecast taxable profit figures over a period of five years.

3.2 Critical judgments

For several years, the Group has sold receivables under no-recourse agreements involving the transfer of title.
Accordingly, these receivables are no longer recognized in the financial statements of the relevant entities.
IAS 39 – Financial Instruments: Recognition and Measurement, which deals with the derecognition of financial assets, including trade receivables, requires entities to base their analysis on the following three criteria:
- Whether the entity has transferred the contractual rights to receive the cash flows of the financial asset.
- Whether the entity has transferred substantially all the risks and rewards of ownership of the financial asset.
- Whether the entity has retained control of the financial asset.

Based on Chargeurs' analysis of the sale contracts in relation to these three criteria, it was deemed prudent to keep these receivables in the consolidated statement of financial position and to record a liability for the amount of the cash proceeds received.
The presentation of these items in the 2011 consolidated financial statements is unchanged from 2005, but may change in the future based on amendments to contracts or changes in sale procedures.

4. Acquisitions – disposals

There were no significant changes in the scope of consolidation during 2011.

NOTES – TO THE BALANCE SHEET

5. Property, plant and equipment

Changes in the carrying amount of property, plant and equipment can be analyzed as follows:

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
January 1, 2010	**4.8**	**22.8**	**26.3**	**5.4**	**2.1**	**61.4**
Additions		0.1	2.7	0.6	3.7	7.1
Disposals	(0.1)	(0.2)	(2.1)		(0.3)	(2.7)
Changes in scope of consolidation						
Depreciation		(2.3)	(5.4)	(1.4)		(9.1)
Impairment			1.7			1.7
Other		(1.6)	2.4	0.5	(3.3)	(2.0)
Transfers to “Assets held for sale”						
Translation adjustment		0.9	1.9	0.1	0.1	3.0
December 31, 2010	**4.7**	**19.7**	**27.5**	**5.2**	**2.3**	**59.4**

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
January 1, 2011	**4.7**	**19.7**	**27.5**	**5.2**	**2.3**	**59.4**
Additions		0.1	2.2	0.7	3.3	6.3
Disposals		(0.2)	(0.2)		(0.6)	(1.0)
Changes in scope of consolidation			0.1			0.1
Depreciation		(2.1)	(5.4)	(1.5)		(9.0)
Impairment						
Other			0.1	2.1	(2.2)	
Transfers to “Assets held for sale”						
Translation adjustment		0.3	0.5	0.2	0.1	1.1
December 31, 2011	**4.7**	**17.8**	**24.8**	**6.7**	**2.9**	**56.9**

MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT

(i) Land and buildings were valued in 2004 by independent international valuers in order to determine the fair values of these assets to be used as their deemed cost in the opening IFRS balance sheet at January 1, 2004 (the IFRS transition date).
(ii) Plant and equipment are tested for impairment when there is an indication that their carrying amounts may be impaired. Impairment indicators include industrial reorganizations, site closures and business divestments.
(iii) The value of assets held by each business is also reviewed when goodwill is tested for impairment.
The assets of Chargeurs Protective Films, Chargeurs Interlining and Chargeurs Wool were tested for impairment in 2011 in accordance with paragraphs (ii) and (iii) above.

6. Goodwill and other intangible assets

(a) Goodwill arising on acquisition of subsidiaries

Goodwill arising on the acquisition of subsidiaries can be analyzed as follows:

(in euro millions)	Gross	Accumulated impairment losses	Net
January 1, 2010	**77.8**	**(15.7)**	**62.1**
– Goodwill recognized on companies acquired during the year			–
– Goodwill written off on companies disposed of during the year			–
– Goodwill written off on companies removed from the scope of consolidation			–
Translation adjustment	3.7		3.7
Changes in scope of consolidation			–
Impairment losses recognized during the period			–
December 31, 2010	**81.5**	**(15.7)**	**65.8**
January 1, 2011	**81.5**	**(15.7)**	**65.8**
– Goodwill recognized on companies acquired during the year			–
– Goodwill written off on companies disposed of during the year			–
– Goodwill written off on companies removed from the scope of consolidation			–
Translation adjustment	1.0		1.0
Changes in scope of consolidation			–
Impairment losses recognized during the period			–
December 31, 2011	**82.5**	**(15.7)**	**66.8**

Goodwill has been allocated to the following cash-generating units, corresponding to Group businesses.

Goodwill by business segment

(in euro millions)	**12/31/2011**	12/31/2010
Chargeurs Interlining	16.9	17.4
Chargeurs Wool	–	–
Chargeurs Protective Films	49.9	48.4
Total	**66.8**	**65.8**

Chargeurs Protective Films goodwill is measured in US dollars and the €1.5 million increase in its carrying amount between December 31, 2010 and 2011 was due to the dollar's appreciation against the euro over the period.

Since the acquisition of Etacol, Chargeurs Interlining's goodwill has been allocated to two cash-generating units (CGUs). The three companies held by Chargeurs Interlining in partnership with Ningbo Yak Technology Industrial together constitute a separate CGU. Goodwill allocated to this CGU is included in the carrying amount of "Investments in associates".

(b) Goodwill impairment tests

Impairment tests were carried out on the two CGUs to which goodwill has been allocated by comparing their carrying amount with their recoverable amount as determined based on value-in-use calculations.

For Chargeurs Interlining, recoverable amount was determined using the four-year cash flow projections contained in the business plans approved by Management, as adjusted to comply with IAS 36. Cash flows beyond this four-year period were extrapolated by using the estimated growth rates shown in the table below.

The following method was used for both Chargeurs Protective Films and Chargeurs Interlining:

- A cash flow simulation model was developed based on various market parameters; and
- The cash flow simulations were broken down into various scenarios based on different assumptions for weighted average cost of capital (WACC), growth rates and/or EBIT, taking into account the probability of their each situation occurring.

The final value allocated to these businesses' goodwill corresponds to the average value of all of the different simulated scenarios.

The main value-in-use assumptions applied were as follows:

	Chargeurs Protective Films	Chargeurs Interlining
Average operating margin over the business plan period[1]	7.50%	6.33%
Growth rate[2]	1.00%	1% - 2%
Discount rate		
2010	8.51%	8.23%
2011	**8.69%**	**8.35%**

In 2011, terminal values were calculated using growth rates of 1% for Chargeurs Protective Films and 1% for Chargeurs Interlining except for CGUs located in Asia for which a 2% growth rate was used.

(1) Operating profit/revenue.
The calculation is based on operating profit before restructuring costs or other non-recurring items.
(2) Equal to or less than the medium- to long-term growth rate for the industry as a whole.

The main parameters used to determine the discount rate were as follows:

	Chargeurs Protective Films	Chargeurs Interlining
Risk-free interest rate	3.90%	3.90%
Market risk premium	5.60%	5.00%
Beta	87.00%	100.00%
Specific risk premium	0.00%	2.00%
Cost of equity	9.80%	10.90%
Pre-tax cost of debt	6.90%	6.90%
Tax rate	33.33%	33.33%
Post-tax cost of debt	4.60%	4.60%
Net debt/capital employed	22.00%	40.00%
WACC	8.69%	8.35%
Discount rate applied	**8.69%**	**8.35%-9.35%**

A one-point increase in the discount rate used to calculate the recoverable amount of Chargeurs Protective Films goodwill would not lead to the recognition of any impairment loss.

Similarly, applying the highest discount rate in the range to calculate the recoverable amount of Chargeurs Interlining goodwill would not lead to the recognition of any impairment loss.

(c) Other intangible assets

In 2011, no development projects satisfied the asset recognition criteria in IAS 38.

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
January 1, 2010	**0.7**	**2.2**	**1.4**	**1.1**	**5.4**
Capitalized development costs					–
Additions				0.3	0.3
Disposals					–
Changes in scope of consolidation					–
Amortization	(0.1)	(0.4)	(0.1)	(0.4)	(1.0)
Impairment					–
Transfers to “Assets held for sale”					–
Other	(0.4)	–	0.4	(0.0)	(0.0)
Translation adjustment	0.1		0.3	–	0.4
December 31, 2010	**0.3**	**1.8**	**2.0**	**1.0**	**5.1**

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
January 1, 2011	**0.3**	**1.8**	**2.0**	**1.0**	**5.1**
Capitalized development costs					–
Additions	0.1			0.2	0.3
Disposals				–	–
Changes in scope of consolidation					–
Amortization	(0.1)	(0.1)	(0.1)	(0.5)	(0.8)
Impairment					–
Transfers to “Assets held for sale”					–
Other	–	–	–	–	–
Translation adjustment	–	–	0.2	–	0.2
December 31, 2011	**0.3**	**1.7**	**2.1**	**0.7**	**4.8**

7. Finance leases

The carrying amount of finance leases included in property, plant and equipment is as follows:

(in euro millions)	12/31/2011	12/31/2010
Land	2.9	2.9
Buildings	30.4	30.4
Plant and equipment	17.5	17.5
Fixture, fittings and other	9.0	9.0
Gross	**59.8**	**59.8**
Accumulated depreciation	**(34.8)**	**(32.5)**
Accumulated impairment	**(9.6)**	**(9.6)**
Net	**15.4**	**17.7**

Future minimum lease payments under finance leases and the carrying amount of the corresponding liabilities can be analyzed as follows:

(in euro millions)	12/31/2011	12/31/2010
Future minimum lease payments under finance leases	16.2	22.3
Finance lease liabilities	15.4	20.3
Future finance cost	**0.8**	**2.0**

Future lease payments can be analyzed by maturity as follows:

(in euro millions)	Minimum lease payments	Finance lease liabilities
Due in less than one year	10.9	10.3
Due in one to five years	5.3	5.1
Due in more than five years	–	–
Total at December 31, 2011	**16.2**	**15.4**
Due in less than one year	6.1	5.1
Due in one to five years	16.1	15.2
Due in more than five years	0.1	–
Total at December 31, 2010	**22.3**	**20.3**

The main finance leases correspond to sale-and-leaseback transactions on real estate and equipment leases for machinery. Financing is generally obtained for periods ranging from six to fifteen years and corresponds to secured debt.

8. Investments in associates

(a) Movements

Investments in associates rose to €19.6 million at December 31, 2011 from €18.3 million at December 31, 2010.

(in euro millions)	Yak entities	Peinaduría Río Chubut	Other	Total
January 1, 2010	**12.7**	**3.0**	**1.6**	**17.3**
Participation in rights issues				–
Additions				–
Disposals				–
Changes in scope of consolidation		0.1	(0.7)	(0.6)
Share of profit/(loss) for the period	0.9	(1.5)	0.9	0.3
Dividends received	(0.3)			(0.3)
Other				–
Translation adjustment	1.4	0.2		1.6
December 31, 2010	**14.7**	**1.8**	**1.8**	**18.3**

(in euro millions)	Yak entities	Peinaduría Río Chubut	Other	Total
January 1, 2011	**14.7**	**1.8**	**1.8**	**18.3**
Participation in rights issues				–
Additions				–
Disposals				–
Changes in scope of consolidation			(0.1)	(0.1)
Share of profit/(loss) for the period	1.1	0.1		1.2
Dividends received	(0.7)			(0.7)
Other			(0.1)	(0.1)
Translation adjustment	1.2	(0.2)		1.0
December 31, 2011	**16.3**	**1.7**	**1.6**	**19.6**

(b) Key figures for associates (accounted for by the equity method)

The key figures for associates, carried in the balance sheet in the amount of €19.6 million at December 31, 2011, are as follows:

(in euro millions)	**12/31/2011**			12/31/2010		
(shown on a 100% basis)	Yak	Other	**Total**	Yak	Other	**Total**
Assets	22.8	14.2	**37.0**	16.8	19.1	**35.9**
Liabilities	8.3	3.0	**11.3**	4.3	6.3	**10.6**
Revenue	3.6	11.9	**15.5**	3.3	12.6	**15.9**
Net profit/(loss)	2.3	0.3	**2.6**	1.7	0.1	**1.8**
Group share of profit/(loss)	1.1	0.1	**1.2**	0.8	(0.6)	**0.2**

The carrying amount of the Group's investments in associates includes goodwill of €9.3 million corresponding to two interlining manufacturers in China.

9. Deferred taxes

(a) Analysis by probable recovery/settlement date (before netting asset and liability positions for the same taxable entity)

(in euro millions)	12/31/2011	12/31/2010
Deferred tax assets, net		
– Recoverable beyond 12 months	14.4	14.2
– Recoverable within 12 months	13.5	13.3
Deferred tax liabilities		
– Settlement beyond 12 months	(7.7)	(8.0)
– Settlement within 12 months	(2.4)	(1.8)
Net	**17.8**	**17.7**

(b) Analysis by source (before netting asset and liability positions for the same taxable entity)

(in euro millions)	12/31/2011	12/31/2010
Deferred tax assets, net		
– Deductible temporary differences	15.4	14.9
– Tax loss carryforwards and tax credits	12.5	12.6
Deferred tax liabilities		
– Taxable temporary differences	(10.1)	(9.8)
Total	**17.8**	**17.7**

Deferred tax assets are recognized for tax loss carryforwards only when their future recovery is considered probable based on projected taxable profits for the next five years.
The tax assets arising from group relief in France, tax loss carryforwards and deductible temporary differences amounted to €11.3 million at December 31, 2011.
No deferred tax assets have been recognized for a significant portion of the Group's evergreen losses (see below).
Net deferred tax assets increased by €0.1 million in 2011.

Tax loss carryforwards were as follows at December 31, 2011:

(in euro millions)	Total	Unrecognized
Available until		
2012	0.5	0.5
2013	2.1	2.1
2014	0.8	0.8
2015	3.0	3.0
2016	5.7	5.7
Evergreen losses	389.4	343.4
Total tax loss carryforwards	**401.5**	**355.5**

10. Investments in non-consolidated companies

The carrying amount of investments in non-consolidated companies can be analyzed as follows:

(in euro millions)	12/31/2011	12/31/2010
Interests of over 50%		
– Aggregate	1.5	2.0
Interests of between 20% and 50%		
– Aggregate	0.1	0.1
Interests of less than 20%		
– Aggregate	0.1	0.1
Total	**1.7**	**2.2**

As these investments are not listed, they cannot be valued using observable market inputs and are therefore classified at level 3 in the fair value hierarchy, in accordance with IFRS 7R.
The fair value of these assets is close to their carrying amount. An impairment loss is recorded when necessary.

11. Long-term loans and receivables

The €7.6 million total for this item breaks down as follows:
- Long-term loans in an amount of €2.5 million.
- Long-term deposits in an amount of €5.1 million

The fair value of these assets approximates their carrying amount.

12. Derivative instruments

The carrying amount of derivatives can be analyzed as follows:

(in euro millions)	12/31/2011		12/31/2010	
Assets net of liabilities	**Fair value**	**Notional**	Fair value	Notional
Fair value hedges				
Currency hedges	2.1	(19.0)	0.6	(13.8)
Cash flow hedges				
Currency hedges	(0.1)	1.3	0.1	4.5
Interest rate hedges				
Commodity hedges				
Hedges of net investments in foreign operations				
Currency hedges				
Derivatives not qualifying for hedge accounting				
Currency derivatives				
Interest rate derivatives				
Derivative instruments – net asset/(liability)	**2.0**		**0.7**	

Notional amounts shown in parentheses correspond to net borrower positions for interest rate derivatives and net seller positions for all other derivatives.

Fair value hedges on a notional amount of €19.0 million (net seller position) correspond to hedges of assets and liabilities and firm commitments by subsidiaries.
Cash flow hedges on a notional amount of €1.3 million (net buyer position) correspond to hedges of net sales and purchases denominated in US dollars.

Net notional amounts of currency derivatives by currency (negative notional amount = net seller position)

(in euro millions)	12/31/2011	12/31/2010
Australian dollar	0.5	2.1
US dollar	0.3	7.9
Euro	(17.7)	(19.4)
British pound	(1.1)	(0.6)
Korean won	0.3	0.7
Total	**(17.7)**	**(9.3)**

Maturities of derivatives at fair value

(in euro millions)	12/31/2011	12/31/2010
Less than 6 months	2.0	0.7
More than 6 months	–	–

13. Other non-current assets

Other non-current assets amounted to €3.4 million at December 31, 2011.

14. Inventories and work-in-progress

Inventories and work-in-progress can be analyzed as follows:

(in euro millions)	12/31/2011	12/31/2010
Gross		
Raw materials and supplies	73.6	71.5
Finished and semi-finished goods and work-in-progress	97.3	82.8
Other	1.8	1.6
Total – gross	**172.7**	**155.9**
Provisions for impairment	(6.5)	(6.5)
Net	**166.2**	**149.4**
Increase in provisions for impairment of inventory	(1.8)	(1.8)
Reversals of provisions used	1.3	1.7
Reversals of surplus provisions	0.7	1.4

15. Trade receivables

(in euro millions)	12/31/2011	12/31/2010
Trade receivables		
Gross	62.8	63.9
Provisions for impairment	(9.9)	(13.0)
Net	**52.9**	**50.9**

As these receivables are all short term and are not interest bearing, changes in interest rates do not generate any material interest rate risk.
Given their short maturities, their fair value may be considered to be close to their carrying amount.
Customer credit risks are managed on a local, decentralized basis. Provisions for past-due receivables are determined on a case-by-case basis, taking into account the amount recoverable under credit insurance, local practices, the customer's payment history and the total balance due.

Factored receivables

At December 31, 2011, certain receivables had been sold under no-recourse agreements with factoring companies.
The amounts paid by the factoring companies for receivables totaled €62.6 million at December 31, 2011 (€64.6 million at December 31, 2010).
These receivables are shown in Chargeurs' statement of financial position even though they have been sold and despite the fact that title has been transferred to the factoring company (see note 3).

16. Other receivables

(in euro millions)	12/31/2011	12/31/2010
Short-term tax receivables	1.0	0.8
Sundry receivables	41.4	34.7
Accruals	1.6	1.4
Provisions for impairment	(1.3)	(1.6)
Net	**42.7**	**35.3**

Other receivables primarily include tax credits, the unfunded portion of no-recourse sales of receivables and supplier advances.
The fair value of these assets approximates their carrying amount.

17. Cash and cash equivalents

Cash and cash equivalents analyzed in the statement of cash flows break down as follows:

(in euro millions)	**12/31/2011**	12/31/2010
Marketable securities	23.2	14.0
Term deposits	10.5	11.4
Sub-total	**33.7**	**25.4**
Cash at bank	35.8	57.8
Total	**69.5**	**83.2**

18. Assets held for sale

(in euro millions)	**12/31/2011**	12/31/2010
Assets held for sale	2.6	4.8
Liabilities related to assets held for sale	0.7	3.5

One of Chargeurs' two groups of assets classified as held for sale was merged into Chargeurs Interlining at end-2011 as its operations had been discontinued.
The real estate assets of the other group of assets classified as held for sale were sold during the second half of 2011 and negotiations are currently underway concerning the sale of the remaining business.

19. Equity

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since January 1, 2010 are as follows:

Shares outstanding at January 1, 2010	**10,377,097**
Issuance of shares on conversion of bonds by bondholders	2,494,692
Shares outstanding at December 31, 2010	**12,871,789**
Issuance of shares on conversion of bonds by bondholders	251,436
Shares outstanding at December 31, 2011	**13,123,225**

Based on a par value of €0.16 per share, shares outstanding at December 31, 2011 represented issued capital of €2,099,716 (December 31, 2010: €2,059,486.24).
All of the shares are of the same class, with the same rights to dividends and returns of capital.

(a) Conversion of bonds into shares

During 2011, 9,058 bonds were converted into shares. The aggregate par value of the shares issued on conversion was €0.04 million and the aggregate premium was €0.46 million, representing a total increase in equity of €0.5 million.

	2011	2010
Number of convertible bonds		
At beginning of period	322,687	415,083
Shares issued on conversions for the period	9,058	92,396
At end of period	313,629	322,687
Number of shares issued on conversion of bonds		
At beginning of period	2,494,692	–
Conversions for the period	244,566	2,494,692
Shares issued in payment of interest	6,870	–
At end of period	2,746,128	2,494,692
Number of shares potentially issuable between December 31, 2011 and January 1, 2016		
Minimum number of shares	1,900,592	1,955,483
Maximum number of shares	10,036,128	10,325,984
Aggregate face value of the bonds (in euros)	22,829,565	22,829,565
Maximum amount redeemable at maturity (bonds outstanding at December 31) (in euros)	17,249,595	17,747,785

(b) Treasury stock

Shares held in treasury can be analyzed as follows:

	12/31/2011		12/31/2010	
	Number of shares	**Cost in euros**	Number of shares	Cost in euros
Chargeurs shares held:				
– By Chargeurs	13,334	230,851	13,334	230,851
– For the liquidity contract	103,000	972,436	103,000	972,436
Total	**116,334**	**1,203,287**	**116,334**	**1,203,287**

On August 7, 2011 the share buyback program approved at the Annual General Meeting of February 8, 2010 expired. Consequently, the liquidity contract between Chargeurs SA and CA Chevreux was no longer effective as from that date.

(c) Other reserves

"Other reserves" include cumulative net losses on cash flow hedges for €0.1 million at December 31, 2011, compared with cumulative net losses of €0.2 million at December 31, 2010.

20. Convertible bonds

DESCRIPTION OF THE OPERATION

In April 2010, Chargeurs SA issued 415,083 subordinated convertible bonds with a nominal value of €55, with pre-emptive subscription rights for existing shareholders.
The offer ran from March 15 to 29, 2010 and was subscribed 1.78 times.
Principal terms of the bond issue:

(a) Conversion of bonds into shares

The bonds are convertible into Chargeurs shares at any time between the issue date and the seventh business day preceding the normal or early redemption date, based on a ratio of 27 new shares for 1 bond.

(b) Coupon

Holders of bonds redeemed at maturity on January 1, 2016 will receive a stock-based remuneration equal to 6.06 Chargeurs shares per bond.
In the case of early redemption, or conversion, the stock-based remuneration will be calculated rateably based on the period that has elapsed since the issue date as shown below:

Year of conversion	Coupon
2011	0.76 share
2012	1.82 shares
2013	2.88 shares
2014	3.94 shares
2015	5 shares

The stock-based coupon paid on conversion is recognized directly in equity as a deduction from the premium on the shares and has no impact on profit.

(c) Life of the bonds

5 years and 261 days.

(d) Redemption at maturity

The bonds are redeemable at maturity on January 1, 2016 (or the next business day if January 1, 2016 is not a business day) at their nominal value.

(e) Buyback and retirement of the bonds by the Company

The Company may, at any time, buy back and retire all or some of the bonds, subject to the unanimous agreement of the banks that are parties to the February 7, 2010 debt restructuring agreement. The bonds may be purchased by means of on-or off-market transactions or through public purchase or exchange offers, without any limits as to the buyback price or the number of bonds purchased and retired.

(f) Retirement of the bond issue at the option of the Company

Subject to the unanimous agreement of the banks that are parties to the February 7, 2010 debt restructuring agreement, the Company may, at any time between January 1, 2012 and the bonds' maturity date, provided it gives at least thirty days' notice, redeem all outstanding bonds at their nominal value if the arithmetical average of the opening prices quoted for the Company's shares on NYSE Euronext Paris over ten consecutive trading days within the twenty-day period preceding the publication of the retirement notice exceeds €6.

(g) Listing

The convertible bonds are listed on the NYSE Euronext Paris stock market (ISIN: FR0010870931).

(h) Conversion ratio adjustments

The usual adjustments that may be necessary as a result of any corporate actions are described in the prospectus published on the AMF website.

ACCOUNTING TREATMENT

The accounting treatment of the convertible bonds in accordance with IAS 32 led to a €4.6 million increase in equity at December 31, 2010.
The market interest rate used to calculate the fair value of the debt and the initial breakdown between the bonds' debt and equity components are presented below:

- Market interest rate used to calculate fair value: 5.35%.
- Effective interest rate: 8.28%.
- Fair value of the debt on the issue date: €16.8 million.

The related finance cost for 2011 was €1.1 million.

As of December 31, 2011, 9,058 bonds had been converted, leading to a €0.5 million decrease in the outstanding debt.

(in euro millions)	12/31/2010	Finance cost for the period	Conversions for the period	**12/31/2011**
Share capital	0.4			0.4
Share premium account (conversion premium)	4.7		0.5	5.2
Equity component of convertible bonds	4.6			4.6
Convertible bonds	12.7	1.1	(0.5)	13.3

21. Borrowings

The Chargeurs Group's financial liabilities correspond to "Other financial liabilities" as defined in IAS 39. Borrowings are measured using the amortized cost method.

(in euro millions)	**12/31/2011**	12/31/2010
Bank borrowings	64.6	77.6
Finance lease liabilities	15.4	20.3
Total	**80.0**	**97.9**

Long-term debt can be analyzed as follows by maturity:

(in euro millions)	**12/31/2011**	12/31/2010
Due in less than one year	22.9	7.8
Due in one to two years	43.5	61.5
Due in two to three years	10.5	14.9
Due in three to four years	3.0	10.5
Due in four to five years	0.1	3.1
Due in more than five years		0.1
Total	**80.0**	**97.9**

Borrowings by type

(in euro millions)	**Notional amount 12/31/2011**	Notional amount 12/31/2010	**Effective interest rate 12/31/2011**
Bank borrowings	80	97.9	4.53%
Bank overdrafts	70.1	48.4	

Borrowings by interest reset date for variable-rate borrowings and repayment date for fixed-rate borrowings

(in euro millions)	2012	2013	2014	2015	2016	2017 and beyond
Fixed-rate borrowings	8.0	3.5	0.3	0.1	–	–
Variable-rate borrowings	14.9	40.0	10.2	2.9	0.1	–

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates applied. At December 31, 2011, the carrying amount of borrowings originally contracted at fixed rates was €11.9 million.
The average interest rate on long-term debt was 4.53% at December 31, 2011 and 3.39% at December 31, 2010. The fixed-rate portion of these borrowings represented an average of 14.5% in 2011 (14.8% in 2010).

Long-term debt was denominated in the following currencies at December 31, 2011 and December 31, 2010:

(in euro millions)	**Dec. 31, 2011**	12/31/2010
Euro	75.1	92.8
US dollar	2.3	2.6
Other	2.6	2.5
Total	**80.0**	**97.9**

The debt restructuring agreement signed by the Group on January 7, 2010 and amended by way of an addendum on February 4, 2010 was extended on January 6, 2012 by a second addendum, with the overall credit facilities covered by the agreement reduced from €80 million to €57 million. The revised version of the agreement takes into account the fact that the short-term credit facility granted to Chargeurs Protective Films has been repaid in full and renews Chargeurs Interlining's short-term credit facility for an eighteen-month period.
The maturity schedule of the medium-term credit facilities for these two businesses provided for in the original debt restructuring agreement remains the same, with the first repayments due in 2012. The credit facilities concerned are subject to the standard clauses, including an acceleration clause that would apply if Chargeurs were to pay a dividend for any period until June 2013.

The standard financial covenants contained in the original debt restructuring agreement continue to apply, with the ratios (net debt/EBITDA and interest cover) calculated at six-monthly intervals over rolling twelve-month periods at the level of each business.

	Chargeurs Protective Films	Chargeurs Interlining
Net debt/EBITDA	< 7.4	< 7.5
Interest cover (EBITDA/finance costs)	> 3.5	> 2.1

22. Pension and other long-term employee benefit obligations

Pension and other long-term employee benefit obligations can be analyzed as follows:

(in euro millions)	12/31/2011	12/31/2010
Post-employment benefit obligations	8.1	7.2
Post-employment healthcare plans	0.8	1.0
Other long-term employee benefit obligations	1.8	1.8

Post-employment benefits under defined benefit plans correspond to statutory length-of-service awards payable to employees on retirement in France and other plans giving rise to less significant obligations. Other long-term employee benefits consist mainly of long-service awards.

The amounts recognized in the statement of financial position for these plans can be analyzed as follows:

(in euro millions)	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Present value of obligations – funded plans	19.8	18.1	16.8	18.8	18.0
Fair value of plan assets	(14.1)	(14.6)	(13.1)	(12.5)	(15.7)
Net present value of obligations – funded plans	**5.7**	**3.5**	**3.7**	**6.3**	**2.3**
Present value of obligations – unfunded plans	7.9	7.9	8.0	7.3	7.7
Unrecognized actuarial gains/(losses)	(3.3)	(1.9)	(1.3)	(2.3)	0.5
Unrecognized past service costs	0.4	0.5	0.7	0.9	1.0
Reimbursement rights					
Net liability in the balance sheet	**10.7**	**10.0**	**11.1**	**12.2**	**11.5**

Movements in the projected benefit obligation under funded plans were as follows:

(in euro millions)	12/31/2011	12/31/2010
Projected benefit obligation at January 1	**18.1**	**16.8**
Service cost	0.1	0.1
Interest cost	0.9	1.0
Curtailments and settlements		(0.5)
Benefits paid out of plan assets	(1.4)	(1.3)
Benefits paid out of company reserves		
Transfer of obligations to external parties (employee transfers)		
Actuarial (gains)/losses for the period	1.4	0.9
Translation adjustment	0.6	1.1
Change from a funded to an unfunded obligation		
Other	0.1	
Projected benefit obligation at December 31	**19.8**	**18.1**

Movements in the fair value of plan assets for funded plans were as follows:

(in euro millions)	12/31/2011	12/31/2010
Fair value of plan assets at January 1	**14.6**	**13.1**
Actuarial (gains) losses for the period	0.1	1.3
Employer contributions	1.4	1.1
Benefits paid out of plan assets	(1.4)	(1.3)
Curtailments and settlements		(0.4)
Translation adjustment	0.4	0.8
Reimbursement of a plan surplus	(1.0)	
Fair value of plan assets at December 31	**14.1**	**14.6**

The breakdown of plan assets was as follows at December 31, 2011 and 2010:

	12/31/2011	12/31/2010
Money market funds	1%	2%
Equities	45%	44%
Bonds	53%	52%
Real estate	1%	2%
Total	**100%**	**100%**

Movements in the projected benefit obligations under unfunded plans can be analyzed as follows:

(in euro millions)	12/31/2011	12/31/2010
Projected benefit obligation at January 1	**7.9**	**8.0**
Service cost	0.2	0.4
Interest cost	0.2	0.1
Curtailments and settlements	(0.1)	(0.2)
Benefits paid out of company reserves	(0.2)	(0.4)
Actuarial (gains) losses for the period	(0.1)	(0.1)
Translation adjustment	(0.1)	0.2
Change from a funded to an unfunded obligation		
Changes in scope of consolidation		
Autre	0.1	(0.1)
Projected benefit obligation at December 31	**7.9**	**7.9**

The amounts recognized in the income statement for defined benefit plans and other long-term employee benefits can be analyzed as follows:

(in euro millions)	12/31/2011	12/31/2010
Service cost	0.4	0.5
Interest cost	1.2	1.1
Expected return on plan assets	(1.1)	(0.9)
Amortization of actuarial gains and losses	0.9	0.1
Amortization of past service cost		(0.1)
Reversal of surplus provisions	(0.1)	(0.4)
Net expense recognized in the income statement	**1.3**	**0.3**

The net expense is accounted for by function in cost of sales, distribution and administrative expenses, and research and development costs.

Changes in the net liability recognized in the statement of financial position can be analyzed as follows:

(in euro millions)	12/31/2011	12/31/2010
Net liability at January 1	10.0	11.1
Net expense recognized in the income statement	1.3	0.3
Benefits paid during the year	(1.7)	(1.7)
Exchange differences on foreign plans	0.1	0.3
Reimbursement of a plan surplus	1.0	
Net liability at December 31	**10.7**	**10.0**

The main actuarial assumptions at December 31, 2011 and 2010 were as follows:

	12/31/2011	12/31/2010
Europe		
Expected rate of return on plan assets[1]	4.0%	4.5%
Discount rate applied to projected benefit obligation[2]	4.50%	4.75%
Estimated future salary increases:		
– Managers	2.5%	2.5%
– Other employees	2.0%	2.0%
Long-term (underlying) inflation rate	2.0%	2.0%

(1) Representing the average of the expected rates of return calculated for each asset class.
(2) Corresponding to the interest rate on investment grade corporate bonds.

	12/31/2011	12/31/2010
North America		
Expected rate of return on plan assets[2]	7.75%	7.75%
Discount rate applied to projected benefit obligation[1][2]	5.25%	5.75%

(1) Based on the Citigroup bond index.
(2) The two rates include an underlying inflation assumption.

The initial annual increase in healthcare costs is estimated at 8%, with this rate subsequently falling by 1 point per year until it reaches an annual growth rate of 5%.

Probable retirement age	**60–65**

A 1-point increase or decrease in the estimated growth rate for healthcare costs would not have a material impact on the related projected benefit obligation, service cost or interest cost.

23. Provisions

The amount reported under "Provisions" in the balance sheet does not include short-term provisions, which are included in "Other payables".

(in euro millions)	12/31/2011	12/31/2010
Long-term provisions	2.5	1.9
Short-term provisions	3.5	6.5
Total	**6.0**	**8.4**

Movements in provisions:

(in euro millions)	Long-term provisions	Short-term provisions	Total
January 1, 2010	**5.8**	**14.6**	**20.4**
Additions	0.1	0.8	0.9
Reversals of provisions used	(0.2)	(7.4)	(7.6)
Reversals of surplus provisions	(1.2)	(2.0)	(3.2)
Other	(2.6)	0.2	(2.4)
Translation adjustment	–	0.3	0.3
December 31, 2010	**1.9**	**6.5**	**8.4**
January 1, 2011	**1.9**	**6.5**	**8.4**
Additions	0.2	1.2	1.4
Reversals of provisions used	–	(2.5)	(2.5)
Reversals of surplus provisions	(0.1)	(1.2)	(1.3)
Other	0.5	(0.5)	0.0
Translation adjustment	–	–	0.0
December 31, 2011	**2.5**	**3.5**	**6.0**

(in euro millions)	**12/31/2011**	12/31/2010
Provisions for industrial restructuring costs	2.9	5.4
Provisions for other contingencies	3.1	3.0
Total	**6.0**	**8.4**

Cash outflows covered by provisions for other contingencies will amount to €0.6 million in 2012 and €2.5 million in subsequent years.

24. Other non-current liabilities, trade payables and other payables

“Other payables” include short-term provisions in an amount of €3.5 million (see note 23).

Receivables sold under no-recourse agreements are shown in the balance sheet for an amount of €62.6 million (see note 15), with the corresponding liability recorded under “Factoring liabilities”.

25. Financial risk management

In the normal course of business, the Chargeurs Group is exposed to financial risks including market risks (foreign exchange risk, interest rate risk and price risk on certain commodities), as well as credit and liquidity risks. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. Derivative instruments are used to hedge certain risk exposures.

(a) Market risks

Market risks are monitored internally using reporting schedules that compare the entities’ exposure to identified risks with market value indicators. These indicators are obtained from various external databases containing information on foreign currencies and commodity prices that directly or indirectly affect the Group’s operations and the value of its assets.

(i) Foreign exchange risk

The Group operates internationally, with 94% of revenue generated outside France, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Chinese yuan (as 51.6% of revenue is generated outside Europe). Foreign exchange risk relates to future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

In order to manage exposures to changes in exchange rates for the US dollar and various Asian currencies on a long-term basis, Chargeurs has relocated production facilities to Asia and the dollar zone. A total of 56.2% of assets are now located outside Europe.

Group entities use forward contracts to manage foreign exchange risk arising from (i) future commercial transactions and (ii) recognized assets and liabilities denominated in foreign currencies.

External foreign exchange contracts are designated by each business line as fair value hedges, cash flow hedges or hedges of a net investment in a foreign operation, as appropriate.

The risk management policy for Chargeurs Protective Films and Chargeurs Interlining involves hedging a portion of forecast transactions (mainly export sales) in each major currency for the subsequent twelve months (calculated as part of the budget process).The percentage applied is determined in line with the IFRS definition of “highly probable forecast transactions” for hedge accounting purposes.

Chargeurs Wool’s main foreign exchange exposures relating to transactions and borrowings in foreign currencies concern the Australian dollar and US dollar, and are hedged using forward contracts.

The following table presents the sensitivity of consolidated equity to currency risk, based on data at December 31, 2011.

(in euro millions)	Translation reserves by currency	Effect of a 10-point increase in the exchange rate against the euro	Effect of a 10-point decrease in the exchange rate against the euro
Australian dollar	0.3	0.0	(0.0)
Argentine peso	(3.8)	0.4	(0.4)
Bangladesh taka	(0.4)	0.0	(0.0)
Brazilian real	0.9	0.1	(0.1)
Canadian dollar	0.0	0.0	0.0
Swiss franc	0.1	0.0	(0.0)
Chilean peso	0.3	0.0	(0.0)
British pound	(0.1)	0.0	(0.0)
Hong Kong dollar	0.3	0.0	(0.0)
Czech koruna	1.3	0.1	(0.1)
Sri Lankan rupee	(0.2)	0.0	(0.0)
Mexican peso	0.0	0.0	0.0
Malaysian ringgit	0.9	0.1	(0.1)
New Zealand dollar	1.0	0.1	(0.1)
Chinese renminbi yuan	10.3	1.0	(1.0)
Singapore dollar	0.7	0.1	(0.1)
Turkish new lira	(1.2)	0.1	(0.1)
US dollar	0.2	0.0	(0.0)
South Korean won	(0.3)	0.0	(0.0)
South African rand	(0.4)	0.0	(0.0)
Total	**9.9**	**2.3**	**(2.3)**

(ii) Interest rate risk

A 1-point increase in interest rates would have a €1.3 million impact on net debt (including amounts received for no-recourse receivables sales) that is not hedged against interest rate risks.

(iii) Price risk

The Group is exposed to price risk on certain materials that are essential for its production operations. The Protective Films business is exposed to risks relating to certain oil byproducts, which it manages via its supplier contracts and sales pricing strategy. The Interlining business is exposed to fluctuations in the prices of fibers used in its products, a risk it manages by placing suppliers in competition with one another and through its sales pricing strategy. The Wool business systematically matches its fixed-price sale commitments with fixed-price purchase commitments.

(b) Credit risk

(i) Trade receivables

The Group has no significant concentrations of credit risk as no one customer represents more than 10% of revenue. In addition, it obtains protection against receivables risk through credit insurance and letters of credit wherever possible.

An internal rating system has been developed for businesses that are exposed to counterparty risks of over six months, whereby exposure limits are set in line with the risk profile of the counterparty concerned.

At December 31, 2011, of the €52.9 million in receivables carried in the statement of financial position, €11.1 million were past due, including €4.5 million more than one month past due.

(ii) Country risk

The Group's geographical diversity means that it is not significantly exposed to political risk.

At December 31, 2011, the five main countries in which the Group's customers are located were rated at least "A" by Standard & Poor's.

2011

Country	% of total revenue	Credit rating[1]
China and Hong Kong	16.4%	AA–
Italy	19.0%	A
Germany	8.5%	AAA
United States	9.6%	AA+
France	6.0%	AA+

(1) Standard & Poor's rating.

(iii) Banking counterparty risk

The Group deals only with leading financial institutions for derivative instruments, cash-settled transactions and cash deposits.

(iiii) Insurance counterparty risks

Chargeurs has set up insurance policies covering customer default, freight, property and casualty, business interruption, liability and other risks. These policies are taken out with a number of different insurance companies, which were all rated at least "A" by Standard & Poor's at December 31, 2011.

Insurers

Insured risks	Credit rating[1]
Customer default	A+
Freight	A+
Property and casualty	A–
Liability	A–

(1) Standard & Poor's rating.

(c) Liquidity risk

The Group manages its liquidity risk via the following three main strategies:

(i) Ensuring that short-term assets exceed short-term liabilities

(in euro millions)	12/31/2011				12/31/2010			
	Total	**Due in less than one year**	**Due in one to five years**	**Due beyond five years**	Total	Due in less than one year	Due in one to five years	Due beyond five years
Financial assets and liabilities								
Cash and cash equivalents	69.5	69.5			83.2	83.2		
Long-term borrowings	(57.1)		(57.1)		(90.1)		(90)	(0.1)
Short-term portion of long-term borrowings	(22.9)	(22.9)			(7.8)	(7.8)		
Short-term bank loans and overdrafts	(70.1)	(70.1)			(48.4)	(48.4)		
Net debt	**(80.6)**	**(23.5)**	**(57.1)**	**0**	**(63.1)**	**27.0**	**(90)**	**(0.1)**
Derivative instruments – assets	2.2	2.2			1.2	1.2		
Deposits	7.5	5	2.5		7.4	0.5	6.9	
Derivative instruments – liabilities	(0.4)	(0.4)			(0.5)	(0.5)		
Other financial assets and liabilities	**9.3**	**6.8**	**2.5**	**0**	**8.1**	**1.2**	**6.9**	**0**
Sub-total financial assets and liabilities	**(71.3)**	**(16.7)**	**(54.6)**	**0**	**(55.0)**	**28.2**	**(83.1)**	**(0.1)**
Working capital								
Trade receivables	52.9	52.9			50.9	50.9		
Inventories	166.2	166.2			149.4	149.4		
Trade payables	(94.4)	(94.4)			(93.2)	(93.2)		
Sub-total – operating assets and liabilities	**124.7**	**124.7**	**0.0**	**0.0**	**106.3**	**106.3**	**0.0**	**0.0**
Total financial and operating assets and liabilities	**53.4**	**108.0**	**(54.6)**	**0.0**	**51.3**	**134.5**	**(83.1)**	**(0.1)**

(ii) Forging partnerships with banks while maintaining a diversified lender base

The Group works with over 25 banks and financial institutions, of which the five largest represent 55% of its available credit facilities.

(iii) Applying strict underwriting rules

When negotiating financing arrangements, the Group is particularly careful to ensure that the related documentation minimizes liquidity risk. To this end, specific negotiation standards have been issued and documentation for material financing arrangements has to be validated at several different levels.

NOTES – TO THE INCOME STATEMENT

26. Other operating income and expense

Other operating income and expense can be analyzed as follows:

(in euro millions)	12/31/2011	12/31/2010
Exchange gains and losses	(0.1)	(1.5)
Gains and losses on disposal of non-current assets	1.0	0.4
Goodwill impairment		–
Restructuring costs	0.4	0.7
Impairment of non-current assets		–
Reversal of surplus provisions	0.8	1.2
Other	0.8	–
Total	**2.9**	**0.8**

27. Employee information

(a) Number of employees

The average number of employees of fully consolidated subsidiaries was as follows in 2011 and 2010:

	12/31/2011	12/31/2010
Employees in France	541	547
Employees outside France	1,462	1,668
Total employees	**2,003**	**2,215**

(b) Payroll costs

(in euro millions)	12/31/2011	12/31/2010
Wages and salaries	58.5	56.3
Payroll taxes	16.1	15.0
Discretionary profit sharing	0.7	0.5
Total	**75.3**	**71.8**

28. Finance costs and other financial income and expense

(in euro millions)	12/31/2011	12/31/2010
Cost of net debt		
– Finance cost	(9.3)	(9.0)
– Interest income on loans and investments	2.5	2.3
Factoring cost	(1.7)	(1.0)
Convertible bond interest cost	(1.1)	(1.0)
Fair value adjustments		
– Investments in non-consolidated companies	(0.7)	(1.5)
– Financial instruments	–	0.1
Exchange gains and losses on transactions in foreign currencies		–
Other	(0.1)	0.2
Finance costs and other financial income and expense, net	**(10.4)**	**(9.9)**

29. Income tax

The income tax expense/benefit reported in the income statement is analyzed in the table below.

(in euro millions)	12/31/2011	12/31/2010
Current taxes	(4.4)	(4.0)
Deferred taxes	(0.1)	5.6
Total	**(4.5)**	**1.6**

The table below reconciles the Group's actual tax benefit/(expense) to the theoretical tax benefit/(expense) that would apply based on the weighted average tax rate of the consolidated companies (which is similar to the French tax rate):

(in euro millions)	12/31/2011	12/31/2010
Income tax (expense)/benefit for the period	(4.5)	1.6
Standard French income tax rate	33.33%	33.33%
Tax at the standard rate	(4.5)	(3.8)
Difference between income tax (expense)/benefit for the period and tax at the standard rate		5.4
Effect of differences in foreign tax rates	0.4	1.3
Effect of permanent differences between book profit and taxable profit	(0.6)	(0.5)
Change in tax assets recognized for tax losses		
Reversals of valuation allowances on tax loss carryforwards recognized in prior periods	0.3	4.2
Utilizations of tax loss carryforwards recognized in prior periods and tax losses arising and recognized during the current period	2.3	3.0
Effect of unrelieved tax losses	(0.9)	(1.7)
Valuation allowance on deferred tax assets (tax loss carryforwards)	(0.3)	–
Other	(1.2)	(0.9)

30. Stock options

At December 31, 2011, there were no stock options outstanding.

31. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to owners of the parent by the weighted average number of shares outstanding during the period. The Company reported basic earnings per share of €0.80 for 2011 (net profit divided by the average number of shares outstanding).
As a result of the convertible bond issue, diluted earnings per share were determined by taking into account 9,038,788 potential ordinary shares at December 31, 2011 and the restatement of the interest cost on the bonds. On this basis, 2011 diluted earnings per share came to €0.50.

NOTE – TO THE STATEMENT OF CASH FLOWS

32. Cash flows from operating activities

(in euro millions)	2011	2010
Pre-tax profit of consolidated companies	**13.3**	**11.4**
Adjustments to reconcile pre-tax profit to cash generated from operations	**9.2**	**(0.6)**
– Depreciation and amortization expense	9.7	10.0
– Provisions and pension and other long-term employee benefit obligations	(1.7)	(11.4)
– Impairment of non-current assets	0.3	(4.7)
– Fair value adjustments	0.7	0.4
– Impact of discounting	1.1	0.7
– Unrealized gains on cash flow hedges reallocated or used during the period (before tax and minority interests)	–	–
– Gains/(losses) on disposal of investments in non-consolidated companies and other non-current assets	(0.9)	4.4
– Other adjustments	–	–
Income tax paid	**(4.0)**	**(3.2)**
Cash generated by operations	**18.5**	**7.6**

NOTES – ADDITIONAL INFORMATION

33. Commitments and contingencies

33.1 Commercial commitments

At December 31, 2011, Chargeurs and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €0.3 million. The Group did not have such commitments at December 31, 2010.

33.2 Guarantees

At December 31, 2011, Chargeurs and its subsidiaries had given guarantees for a total of €0.2 million.

33.3 Collateral

The Group had not granted any collateral at December 31, 2011.

33.4 Commitments under non-cancelable medium-term operating leases

Future minimum payments under non-cancelable medium-term operating leases break down as follows by maturity:

(in euro millions)	**12/31/2011**	12/31/2010
Due in less than one year	4.6	4.6
Due in one to five years	8.8	13.1
Due in more than five years	–	
Total	**13.4**	**17.7**

33.5 Legal risks

In February and March 2010, the Company was summoned on several occasions to appear before the French Employment Tribunal due to claims lodged by individuals previously employed and dismissed by companies in which the Company held an indirect interest. The total amount of these claims represented around €5.5 million. Although they were dismissed by the Employment Tribunal, in November 2010, the former employees made a new claim against the Company on the same grounds, but for double the amount.

In first-half 2011, new claims were made against the Company on the same grounds for an additional amount of about €0.8 million. The Company continues to consider that these claims are totally without merit.

33.6 Tax and customs risks

In several host countries, tax returns for years not yet time-barred are open to a tax audit. In France, the statute of limitations is four years.

At the beginning of February 2011, a subsidiary received a €0.84 million tax reassessment, corresponding to domestic energy consumption tax for the years 2007 to 2010. The Company formally contested this claim on April 11, 2011.

33.7 Special purpose entities

• Dolly structures

Over the last few years, Chargeurs has taken steps to refocus all its resources on its core businesses. To achieve this refocusing, the Group has outsourced certain operations previously performed internally to external companies that are legally and financially independent from Chargeurs. This strategy is aligned with the restrictions arising from local laws in the Group's host countries.

• IMLA

- Following the termination of the operating leases between the three textile businesses and WMLA and IMLA, only Chargeurs Interlining renewed an operating lease with IMLA in 2006, for a six-year term.
- Under the lease, the lessee does not have any obligation to buy back the assets and the related contract complies with the standard accounting criteria for classification as an operating lease. During 2009, Chargeurs Interlining renegotiated some of its operating leases in order to convert them into finance leases.

34. Information by business segment

Profits and losses by business segment were as follows for 2011:

2011 (in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Revenue	**179.7**	**187.4**	**185.0**	**–**	**552.1**
Operating profit/(loss)	10.3	8.6	6.7	(1.9)	23.7
Finance costs and other financial income and expenses, net					(10.4)
Share of profit of associates					1.2
Pre-tax profit for the period					**14.5**
Income tax expense					(4.5)
Profit from continuing operations					**10.0**
Profit from discontinued operations					**0.5**
Profit for the period					**10.5**

Profits and losses by business segment were as follows for 2010:

2010 (in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Revenue	**177.0**	**185.1**	**149.8**	**–**	**512.0**
Operating profit/(loss)	11.4	10.0	1.2	(1.3)	21.3
Finance costs and other financial income and expenses, net					(9.9)
Share of profit of associates					0.2
Pre-tax profit for the period					**11.6**
Income tax benefit					1.6
Profit from continuing operations					**13.2**
Profit/(loss) from discontinued operations					**(0.4)**
Profit for the period					**12.8**

Additional information concerning 2011:

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation	(2.4)	(4.8)	(1.8)		(9.0)
Impairment losses:					
– goodwill					–
– property, plant and equipment		–			–
Impairment losses:					
– inventories	(0.7)	(0.5)	(0.6)		(1.8)
– trade receivables	0.1	2.9			3.0
Restructuring costs[1]	0.8	(0.5)			0.3

(1) Total restructuring costs recorded under different account headings in the consolidated financial statements.

Additional information concerning 2010:

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation	(2.6)	(4.8)	(1.7)		(9.1)
Impairment losses:					
– goodwill					–
– property, plant and equipment		1.7			1.7
Impairment losses:					
– inventories	(0.5)	(1.0)	(0.3)		(1.8)
– trade receivables	–	(0.4)			(0.4)
Restructuring costs[1]	–	–			0.0

(1) Total restructuring costs recorded under different account headings in the consolidated financial statements.

Segment profit includes gains and losses on cash flow hedges of currency risks accumulated in equity that are recycled into the income statement in the period when the hedged purchase or sale transactions affect profit or loss.
Finance costs include gains and losses corresponding to the effective portion of cash flow hedges used to hedge future interest payments. Unallocated costs represent Group-level costs and include gains and losses on derivatives held for trading.
Inter-segment transfers and transactions are carried out on an arm's length basis.

Segment assets and liabilities at December 31, 2011

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets(1)	131.3	163.2	144.7	6.8	446.0
Liabilities(2)	60.7	52.8	60.5	(5.0)	169.0
Capital employed	**70.6**	**110.4**	**84.2**	**11.8**	**277.0**
Purchases of assets	2.4	3.3	0.6	–	6.3

(1) Excluding cash and cash equivalents.
(2) Excluding equity and bank borrowings net of cash and cash equivalents.

Segment assets and liabilities at December 31, 2010

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets(1)	124.3	174.8	115.6	8.1	422.8
Liabilities(2)	59.2	66.6	59.0	(5.3)	179.5
Capital employed	**65.1**	**108.2**	**56.6**	**13.4**	**243.3**
Purchases of assets	2.4	3.6	1.1	–	7.1

(1) Excluding cash and cash equivalents.
(2) Excluding equity and bank borrowings net of cash and cash equivalents.

35. Information by geographical segment

The Group's operations are carried out on a global scale as shown in the tables below.

Revenue

(in euro millions)	**2011**	2010
Europe	267.2	245.1
Asia-Pacific and Africa	187.1	170.7
Americas	97.8	96.2
Total	**552.1**	**512.0**

The main countries in which the Group operates are the following:

(in euro millions)	**2011**	2010
Italy	104.8	83.8
China and Hong Kong	90.3	94.7
United States	52.8	50.5
Germany	47.0	56.8
France	33.0	30.5

Revenue is analyzed by geographical segment based on the location of the customer.

Total assets

(in euro millions)	**2011**	2010
Europe	253.4	267.3
Asia-Pacific and Africa	139.9	156.6
Americas	184.9	146.6
Total	**578.2**	**570.5**

Assets are analyzed based on the geographical segment in which they are located.

Purchases of assets

(in euro millions)	**2011**	2010
Europe	3.6	3.3
Asia-Pacific and Africa	1.5	3.0
Americas	1.2	0.8

Purchases of assets are analyzed based on the geographical area in which the assets are located.

36. Main consolidated companies

At December 31, 2011, 69 companies were fully consolidated (74 in 2010) and 5 were accounted for by the equity method (7 in 2010).

Chargeurs	Parent company
A — Main fully consolidated companies	
Chargeurs Deutschland GmbH	
Chargeurs Textiles SAS	
Leipziger Wollkämmerei AG	
Protective Films business	
Chargeurs Protective Films	**Holding company for the business**
France	Novacel SA and subsidiaries – Germany – Belgium – Spain – United Kingdom
Italy	Boston Tapes SpA – Novacel Italia Srl
North America	Chargeurs Protective Films Inc. – Novacel Inc.
Interlining business	
Chargeurs Interlining	**Holding company for the business**
France	Lainière de Picardie BC SAS – Intissel SAS – DHJ International SAS
Italy	Chargeurs Interfodere Italia
Germany	Lainière de Picardie Deutschland GmbH
United Kingdom	Lainière de Picardie (UK) Limited
Spain	Lainière de Picardie Hispana SA
Portugal	Chargeurs Entretelas (Portugal) Ltd
Czech Republic	Interlana sro
North America	Lainière de Picardie Inc.
South America	Lainière de Picardie Golaplast Brazil Textil Ltda – Entretelas Americanas SA – Lainière de Picardie / DHJ Chile SA
South Africa	Stroud Riley (Proprietary) Limited
Asia	Chargeurs Interlining (HK) Limited – DHJ (Malaysia) Sdn Bhd – LP (Wujiang) Textiles Co. Ltd – Lainière de Picardie Korea Co. Ltd – DHJ Interlining Limited – Ningbo Chargeurs Yak Textile Trading Co. Ltd – Etacol Bangladesh Ltd
Wool business	
Chargeurs Wool	**Holding company for the business**
France	Chargeurs Wool (Eurasia) SAS
Italy	Chargeurs Wool Sales (Europe) Srl
South Africa	Chargeurs Wool (South Africa) (Pty) Ltd
Uruguay	Lanas Trinidad SA
Argentina	Chargeurs Wool (Argentina) SA
Australia	Chargeurs Wool Pty – Yangtse (Australia) Pty Ltd
New Zealand	Chargeurs Wool (NZ) Limited
United States	Chargeurs Wool (USA) Inc.
Asia	Chargeurs Wool Sales (Shanghai) Limited – Zhangjiagang Yangtse Wool Combing Co. Ltd
B — Companies accounted for by the equity method	
Ningbo Yak Kyokuyo Textiles Co. Ltd (49%)	
Ningbo Lailong Bertero Interlining Co. Ltd (49%)	
USA Wool (35%)	
Comtex (50%)	
Peinaduría Río Chubut (50%)	

Percentages indicate Chargeurs' percentage of control at December 31, 2011 for companies that are not almost or entirely wholly owned by the Group.

37. Related party transactions

Transactions with associates

In 2011, the main transactions with associates concerned purchases from the Chinese companies Ningbo Yak Kyokuyo Textiles and Ningbo Lailong Bertero Interlining. These transactions were recognized by Chargeurs Interlining under cost of sales in an amount of €16.9 million.

Management compensation

Compensation paid to directors and officers in respect of 2011 amounted to €40,000 and €942,763 respectively.

38. Events after the balance sheet date

No significant events have occurred since December 31, 2011.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Year ended December 31, 2011)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements. This report, together with the Statutory Auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by the Annual Meeting, we hereby report to you, for the year ended December 31, 2011, on:

- The audit of the accompanying consolidated financial statements of Chargeurs.
- The justification of our assessments.
- The specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I – Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves examining, using sample testing techniques or other selection methods, the evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management and the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements present fairly the results of operations for the year ended December 31, 2011 and the financial position and assets of the consolidated entities at that date, in accordance with the IASs and IFRSs adopted by the European Union.

II – Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

Note 3 to the consolidated financial statements describes the critical accounting estimates and judgments applied by management, particularly those related to impairment of goodwill and income tax. We assessed the data and assumptions on which these estimates and judgments were based, and examined, on a test basis, the calculations performed by the Company. We compared accounting estimates of prior periods with the actual results and reviewed procedures for the approval of these estimates by management. We also obtained assurance that the notes to the consolidated financial statements disclose appropriate information on the assumptions and options applied by the Company.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of the opinion expressed in the first part of this report.

III – Specific verification

We have also verified the information given in the Group management report, in accordance with professional standards applicable in France.

We have no observations to make concerning the fairness of this information and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris – March 28, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	S & W Associés
Gérard Morin	Maryse Le Goff

STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF CHARGEURS

(Year ended December 31, 2011)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of Chargeurs, and in accordance with article L. 225-235 of the French Commercial Code, we report to you on the report prepared by the Chairman of your Company in accordance with article L. 225-37 of the French Commercial Code for the year ended December 31, 2011.

It is the Chairman's responsibility to prepare and submit for the approval of the Board of Directors a report reviewing the internal control and risk management procedures in place within the Company and providing the other information specified in article L. 225-37 of the French Commercial Code, notably as concerns the corporate governance system.

It is our responsibility to:
- Report to you our observations on the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information.
- Attest that the report contains the other information specified in article L. 225-37 of the French Commercial Code. However, our responsibility does not include verifying the fairness of this other information.

We performed our procedures in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Professional standards require us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information.

These procedures notably consisted of:
- Examining the internal control and risk management procedures related to preparation and processing of accounting and financial data underlying the information presented in the Chairman's report, as well as existing documentation.
- Acquiring an understanding of the work performed in order to prepare this information and existing documentation.
- Determining whether the major internal control weaknesses concerning the preparation and processing of accounting and financial information that we may have identified as part of our audit are appropriately disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman of the Board's report prepared in accordance with the final paragraph of article L. 225-37 of the French Commercial Code.

Other disclosures

We certify that the report of the Chairman of the Board of Directors includes the other required disclosures specified in article L. 225-37 of the French Commercial Code.

As required by law, shareholders are informed that the report of the Chairman of the Board of Directors does not contain the disclosures about Board restrictions on the Chief Executive Officer's powers required by article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris – March 28, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

S & W Associés
Maryse Le Goff

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Financial Statements Parent Company Chargeurs

BALANCE SHEET

Years ended December 31, 2011 and 2010 (in euro thousands)

Assets

	2011 Gross	2011 Accumulated depreciation amortization and provisions	2011 Net	2010 Net
Fixed assets				
Intangible assets				
Patents, licenses, trademarks, processes	5	3	2	3
Property, plant and equipment				
Land	–	–	–	–
Buildings	–	–	–	–
Other	59	25	34	32
Assets under construction	–	–	–	–
Advances and prepayments	–	–	–	–
Investments and other non-current assets[1]				
Share in subsidiaries and affiliates	471,485	180,193	291,292	297,813
Loans to subsidiaries and affiliates	1,526	1,526	–	–
Other long-term investments	1,314	835	479	603
Other long-term loans	24	24	–	669
Other	429	–	429	423
Total I	**474,842**	**182,606**	**292,236**	**299,543**
Current assets				
Prepayments to suppliers	1	–	1	6
Trade receivables[2]	1,032	–	1,032	885
Other receivables[2]	2,142	14	2,128	2,469
Marketable securities	7,784	–	7,784	5,148
Cash at bank and in hand	679	–	679	967
Accruals and other assets	–	–	–	–
Prepaid expenses[2]	100	–	100	99
Total II	**11,738**	**14**	**11,724**	**9,574**
Deferred charges	–	–	–	–
Total III	–	–	–	–
Unrealized translation losses	–	–	–	–
Total IV	–	–	–	–
Total Assets (I + II + III + IV)	**486,580**	**182,620**	**303,960**	**309,117**
(1) Due within one year (gross)			3,269	7,593
(2) Due beyond one year (gross)			–	–

Equity and liabilities (in euro thousands)

	2011	2010
Equity		
Share capital	2,100	2,059
Share premium account	37,411	36,953
Revaluation reserve	–	–
Reserves:		
– Legal reserve	400	13,988
– Untaxed reserves	–	–
– Other reserves	231,298	198,310
Retained earnings	–	–
Profit/(loss) for the year	8,754	19,400
Untaxed provisions	–	–
Total I	**279,963**	**270,710**
Provisions for contingencies and charges		
Provisions for contingencies	1,214	1,763
Provisions for charges	–	–
Total II	**1,214**	**1,763**
Liabilities(1)		
Convertible bonds	17,250	17,748
Other bonds	15	16
Bank borrowings(2)	–	1,521
Other borrowings	3,189	14,794
Trade payables	41	402
Accrued taxes and payroll costs	672	233
Due to suppliers of fixed assets	–	–
Other payables	1,601	1,909
Accruals and other liabilities(1)		
Deferred income	15	21
Total III	**22,783**	**36,644**
Unrealized translation gains	–	–
Total IV	**–**	**–**
Total Equity and Liabilities (I + II + III + IV)	**303,960**	**309,117**
(1) Due beyond one year	17,250	19,248
Due within one year	5,533	17,397
(2) Including short-term bank loans and overdrafts	–	1,500

INCOME STATEMENT

Years ended December 31, 2011 and 2010 (in euro thousands)

	2011	2010
Operating revenues[1]	**927**	**610**
Operating expenses[3]		
Purchases of goods and external charges	(1,715)	(4,061)
Taxes other than on income	(109)	(108)
Salaries and wages	(1,155)	(686)
Payroll taxes	(259)	(211)
Amortization, depreciation and provisions:		
– Amortization and depreciation of fixed assets	(1)	(1)
– Provisions for contingencies and charges	–	–
Other	(45)	(25)
	(3,284)	**(5,092)**
Operating profit/(loss)	**(2,357)**	**(4,482)**
Financial income[1]		
From investments[2] :		
– Shares in subsidiaries and affiliates	221	7
– Loans to subsidiaries and affiliates	–	–
From other marketable securities and investments[2]	4	67
Other interest income[2]	1,053	911
Provision reversals and expense transfers	13,542	24,979
Foreign exchange gains	1	10
Income from disposals of marketable securities	5	137
	14,826	**26,111**
Financial expense[3]		
Amortization and provisions	(9,565)	(958)
Interest expense[4]	(226)	(2,205)
Foreign exchange losses	(2)	(4)
Losses on disposals of marketable securities	–	–
	(9,793)	**(3,167)**
Net financial income/(expense)	**5,033**	**22,944**
Profit/(loss) before tax and non-recurring items	**2,676**	**18,462**
Non-recurring income[1]		
From revenue transactions	125	38
From capital transactions:		
– Proceeds from sales of property, plant and equipment	15,377	–
– Other	–	–
Provision reversals and expense transfers	12,990	1,207
	28,492	**1,245**
Non-recurring expense		
On revenue transactions	(1)	(119)
On capital transactions:		
– Carrying amount of assets sold	(23,060)	–
– Other	–	–
Amortization and provisions:		
– Untaxed provisions	–	–
– Other provisions	–	(423)
	(23,061)	**(542)**
Net non-recurring income/(expense)	**5,431**	**703**
Profit/(loss) before tax	**8,107**	**19,165**
Income tax benefit	**647**	**235**
Profit/(loss) for the year	**8,754**	**19,400**
(1) Of which income related to prior years	125	38
(2) Of which income from related companies	224	910
(3) Of which expenses related to prior years	–	–
(4) Of which interest expense paid to related companies	217	148

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

(in euro millions)

Chargeurs SA is the parent company of the consolidated Chargeurs Group.

1. Accounting principles and policies

Chargeurs' parent company financial statements have been prepared in accordance with French generally accepted accounting principles, as set out in articles L.123-12 to L.123-28 of the French Commercial Code *(Code de Commerce)* and the standards issued by the *Comité de la Réglementation comptable* (CRC), including the principles of prudence and segregation of accounting periods. They are presented on a going concern basis and accounting methods have been applied consistently from one year to the next except for the changes in methods described below.

1.1 Property, plant and equipment

Property, plant and equipment are stated at cost excluding capitalized interest, or at their transfer value.
For property, plant and equipment that cannot be broken down into separate component parts, depreciation is calculated by the straight-line method based on the estimated useful life of each category of asset, as follows:
- Furniture: 10 years.
- Computer equipment: 3 years.

1.2 Investments and other non-current assets

Shares in subsidiaries and affiliates are stated at cost. In 2005, Chargeurs elected to recognize the incidental expenses on acquisitions of these shares directly as an expense. Since 2007, these costs have been added back for tax purposes and deferred over five years.
Other long-term investments are stated at cost excluding incidental expenses, or at their transfer value.
Where appropriate, they are written down to their fair value determined by reference to the company's equity in the net assets of the acquired companies, adjusted for unrealized capital gains or losses and profitability criteria.
This item also includes Chargeurs shares acquired through share buyback programs.

1.3 Marketable securities

Marketable securities are stated at the lower of cost and market value on the basis of the average price for the last month of the year.

1.4 Foreign currency translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the transaction date. Assets and liabilities in foreign currencies are converted at the year-end rates. Gains or losses arising on translation are carried under "Unrealized translation gains" or "Unrealized translation losses". Provision is made for unrealized losses by way of a charge to the income statement, except when they can be set off against unrealized gains in linked transactions.

1.5 Forward currency transactions

Losses or gains arising from forward currency contracts not used as hedges are taken to the income statement in cases where they are settled by taking a reverse position in the same year, whatever the final maturity.

2. Fixed assets

(in euro millions)	12/31/2010	Internal transfers	Acquisitions/ transfers	Disposals/ decreases	12/31/2011
Intangible assets	**N/A**	**–**	**–**	**–**	**N/A**
Property, plant and equipment	**N/A**	**–**	**–**	**–**	**N/A**
Investments and other non-current assets					
Shares in subsidiaries and affiliates[1]	495	–	–	(23)	472
Loans to subsidiaries and affiliates	2	–	–	–	2
Other long-term loans[2]	1	–	–	(1)	–
Other long-term investments[3]	1	–	–	–	1
Other	–	–	–	–	–
Total	**499**	**–**	**–**	**(24)**	**475**

(1) The main movements in 2011 concerning shares in subsidiaries and affiliates were as follows:
Decreases:
– The sale of €6.9 million worth of Chargeurs Deutschland shares.
– A €16.1 million capital decrease at Chargeurs Textiles.

(2) The decrease in other long-term loans corresponds to a €0.7 million repayment of the loan to V2I Finance.

(3) Other long-term investments mainly consist of Chargeurs shares, as follows:
– 13,334 shares held for subsequent cancellation, representing €0.2 million, unchanged from December 31, 2011.
– 103,000 Chargeurs shares held under a liquidity contract with CA Cheuvreux bank, representing €1 million.

3. Provisions

3.1 Provisions for contingencies and charges

In accordance with CRC standard 2000-06, the Company records a provision to cover clearly identified contingencies and charges of uncertain timing or amount arising from past or present events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

(in euro millions)	12/31/2010	Charges for the year	Reversals for the year (used)	Reversals for the year (unused)	**12/31/2011**
Provisions for contingencies	2	–	–	(1)	1
Provisions for charges	–	–	–	–	–
Total	**2**	**–**	**–**	**(1)**	**1**
Of which movements included in operating income and expense		–	–	–	
Of which movements included in financial income and expense		–	–	–	
Of which movements included in non-recurring income and expense		–	–	(1)	

3.2 Impairment

(in euro millions)	12/31/2010	Charges for the year	Reversals for the year	**12/31/2011**
Impairment of investments	199	9	(26)	182
Impairment of other receivables	–			
Total	**199**	**9**	**(26)**	**182**
Of which movements included in operating income and expense		–	–	
Of which movements included in financial income and expense		9	(14)	
Of which movements included in non-recurring income and expense		–	(12)	

Chargeurs' policy is to classify impairment losses and reversals relating to investments under financial income and expense. However, in accordance with the recommendations issued by the *Ordre des Experts-Comptables*, this general rule is not applied to reversals of impairment losses relating to divested shares, which are recorded under non-recurring income. A reversal of €12 million was recorded under non-recurring income in 2011.
Receivables are measured at their nominal value and written down based on the recovery risk as assessed at year-end.

3.3 Additions to and reversals of provisions break down as follows for the year:

Additions (in euro millions)	
– Provisions for Chargeurs Interlining shares	9.3
– Provisions for Chargeurs shares	0.3
Total	**9.6**

Reversals (in euro millions)	
– Provisions for Chargeurs Textiles shares	15.6
– Provisions for Chargetex 34 shares	1.1
– Provision for Chargeurs Protective Films shares	6.3
– Provision for Chargeurs Deutschland shares	2.9
– Provision for the repayment of tax benefits to subsidiaries in the event of a return to profit	0.6
Total	**26.5**

4. Maturities of receivables and payables

Total loans and receivables, before impairment, amounted to €5 million at December 31, 2011, breaking down as follows:
- Loans to subsidiaries and affiliates (€2 million).
- Trade receivables (€1 million).
- Other receivables (€2 million).

Maturities of loans and receivables are as follows:

Due within one year	3
Due beyond one year	2
Total	**5**

Maturities of debt and other payables are as follows:

Due within one year	6
Due in one to five year	17
Total	**23**

The total includes a €17 million convertible bond issue, €3 million in other debt and €3 million in other payables.
Debt due beyond one year consists of the convertible bond issue.

5. Items recorded under several balance sheet headings

(in euro millions)	Gross amounts concerning	
	Related companies	Other investments
Shares in subsidiaries and affiliates and other long-term investments	465	6
Receivables	1	–
Debt and other payables	4	–

6. Breakdown of accrued income

At December 31, 2011, accrued income amounted to €1.3 million, corresponding mainly to a Group research tax credit.
Accrued income is recorded in current assets under "Other receivables".

7. Accrued expenses

Accrued expenses totaled €0.7 million at December 31, 2011 and primarily consisted of professional fees, service costs and various payroll costs.

8. Marketable securities

At December 31, 2011, marketable securities amounted to €7.8 million and mainly comprised money market mutual fund units and time deposits.

9. Equity

9.1 Changes in equity

(in euro millions)	
At January 1, 2011 (before appropriation)	251.3
2010 profit appropriated by decision of the AGM on May 5, 2011	19.4
At January 1, 2011 (after appropriation)	**270.7**
Profit for the year	8.8
Issuance of shares on conversion of bonds by bondholders	0.5
At December 31, 2011 (before appropriation)	**280.0**

9.2 Changes in share capital

	Number of shares	Par value
Shares outstanding at January 1, 2011	12,871,789	0.16 euro
Issuance of shares on conversion of bonds by bondholders	251,436	0.16 euro
Shares outstanding at December 31, 2011	13,123,225	0.16 euro

9.3 Share premium account and reserves at December 31, 2011

(in euro millions)

These items break down as follows:

Issue and demerger premiums	37.4
Legal reserve	0.4
Other reserves	66.9
Restricted reserve (capital reduction)	164.4
Total	**269.1**

10. Double voting rights

Chargeurs' bylaws provide for registered shares held for more than two years to carry double voting rights. Consequently, in accordance with article 176 of the July 24, 1966 French Companies Act, holders of said shares are entitled to double voting rights at Chargeurs Shareholders' Meetings.
At December 31, 2011, 272,923 shares carried double voting rights.

11. Convertible bonds

11.1 Description of the issue

In April 2010, Chargeurs SA issued 415,083 convertible bonds with a nominal value of €55, with pre-emptive subscription rights for existing shareholders.
The offer ran from March 15 to 29, 2010, and was subscribed 1.78 times. Principal terms of the bond issue:

Conversion of bonds into shares

The bonds are convertible into Chargeurs shares at any time between the issue date and the seventh business day preceding the normal or early redemption date, according to a ratio of 27 new shares for 1 bond.

Coupon

Holders of bonds redeemed at maturity on January 1, 2016 will receive a stock-based remuneration equal to 6.06 Chargeurs shares per bond.

In the case of early redemption, or conversion, the stock-based remuneration will be calculated ratably based on the period that has elapsed since the issue date as explained below:

Year of conversion	Coupon
2011	0.76 shares
2012	1.82 shares
2013	2.88 shares
2014	3.94 shares
2015	5 shares

The stock-based coupon paid on conversion is recognized directly in equity as a deduction from the premium on the shares and has no impact on profit.

Life of the bonds

5 years and 261 days.

Redemption at maturity

The bonds are redeemable at maturity on January 1, 2016 (or the next business day if January 1, 2016 is not a business day) at par.

Buyback and retirement of the bonds by the Company

The Company may, at any time, buy back and retire all or some of the bonds, subject to the unanimous agreement of the banks that are parties to the February 7, 2010 debt restructuring agreement. The bonds may be purchased by means of on or off-market transactions or through public purchase or exchange offers, without any limits as to the buyback price or the number of bonds purchased and retired.

Retirement of the bond issue at the option of the Company

Subject to the unanimous agreement of the banks that are parties to the February 7, 2010 debt restructuring agreement, the Company may, at any time between January 1, 2012 and the bonds' maturity date, provided it gives at least thirty days' notice, redeem all outstanding bonds at par if the arithmetical average of the opening prices quoted for the Company's shares on NYSE Euronext Paris over ten consecutive trading days within the twenty-day period preceding the publication of the retirement notice exceeds €6.

Listing

The convertible bonds are listed on the NYSE Euronext Paris stock market (ISIN: FR0010870931).

Conversion ratio adjustments

The usual adjustments that may be necessary as a result of any corporate actions are described in the prospectus published on the AMF website.

11.2 Conversion of bonds into shares

During the period, 9,058 bonds were converted into shares. The aggregate par value of the shares issued on conversion was €0.04 million and the aggregate premium was €0.46 million, for a total of €0.5 million.

	2011	2010
Number of convertible bonds		
– At beginning of period	322,687	415,083
– Conversions for the period	9,058	92,396
– At end of period	313,629	322,687
Number of shares issued on conversion of bonds		
– At beginning of period	2,494,692	–
– Shares issued on conversions for the period	244,566	2,494,692
– Shares issued in payment of interest	6,870	–
– At end of period	2,746,128	2,494,692
Number of shares potentially issuable between December 31, 2011 and January 1, 2016		
– Minimum number of shares	1,900,592	1,955,483
– Maximum number of shares	10,036,128	10,325,984
Aggregate face value of the bonds (in euros)	**22,829,565**	**22,829,565**
Maximum amount redeemable at maturity (bonds outstanding at December 31, 2011) (in euros)	**17,249,595**	**17,747,785**

12. Other borrowings

Other borrowings, totaling €3 million, primarily correspond to borrowings from several Group subsidiaries whose sole purpose is to act as financial holding companies.
These borrowings will be repaid by way of capital reductions or by winding up the companies concerned.

13. Non-recurring income and expense

(in euro millions)

	Non-recurring expense	Non-recurring income
Indemnity paid by V2I Finance		0.1
Addition to provision for repayment of tax benefits to subsidiaries in the event of a return to profit	–	0.6
Sale of Chargeurs Deutschland shares	7.0	6.7
Chargeurs Textiles capital decrease	16.1	21.1
Total	**23.1**	**28.5**

14. Income tax

14.1 Analysis of income tax

(in euro millions)	2011	2010
Tax on recurring profit	–	–
Tax on non-recurring items	–	–
Group relief	0.6	0.2
Other	–	–
Income tax benefit	**0.6**	**0.2**

14.2 As of January 1, 1996, Chargeurs and most of its French subsidiaries that are at least 95%-owned, directly or indirectly, elected to file a consolidated tax return. Under French group relief rules, the losses of certain subsidiaries in the tax group can be set off against the taxable profit of other companies in the Group. The profitable subsidiaries pay an amount corresponding to the tax that would be due on their profit to Chargeurs, which in turn pays the tax due by the tax group.

14.3 In 2011, the provision for repayment of tax benefits to subsidiaries was decreased by €0.6 million, to reflect subsidiaries expected to report a taxable profit in 2012. At December 31, 2011, this provision totaled €1.2 million.

14.4 The setting off of losses reported by certain subsidiaries against the taxable profits of other subsidiaries resulted in a tax saving of €0.6 million, representing a cash flow benefit.

15. Commitments given, guarantees and sureties

(in euro millions)	
Guarantees and sureties concern:	
– Subsidiaries and related companies	180.4
– Other	0.2

16. Unrecognized deferred taxes

At December 31, 2011, under French group relief rules, Chargeurs had evergreen tax loss carry-forwards of €221.6 million.
Timing differences between book income and expenses and income and expense for tax purposes were not material in 2011.

17. Management compensation

Compensation paid to Directors and Officers in 2011 amounted to €40,000 and €942,763, respectively.

18. Employee benefit obligations

(a) Retirement benefits

The Company's retirement benefit obligations were measured at December 31, 2011 based on years of service and the probability that employees would still be on the Company's payroll at their retirement date. These benefit obligations have not been recorded in the financial statements, as the amounts involved are not material.

(b) Statutory training entitlement

There were no accrued statutory training hours at December 31, 2011.

19. Fees paid to the Statutory Auditors

Chargeurs paid €298 thousand in fees to the Statutory Auditors in 2011 (disclosure made in application of French Decree 2008-1487 of December 30, 2008).

20. Stock options

There were no employee stock option plans at December 31, 2011.

21. Legal risks

In February and March 2010, the Company was summoned on several occasions to appear before the French Employment Tribunal due to claims lodged by individuals previously employed and dismissed by companies in which the Company held an indirect interest.
The total amount of these claims represented around €5.5 million. Although they were dismissed by the Employment Tribunal, in November 2010, the former employees made a new claim against the Company on the same grounds, but for double the amount.
In first-half 2011, new claims were made against the Company on the same grounds for an additional amount of about €800,000.
The Company continues to consider that these claims are totally without merit.

INFORMATION CONCERNING SUBSIDIARIES AND AFFILIATES

Year ended December 31, 2011 (in euro thousands)

Companies	Share capital	Reserves	% interest
A. Detailed information concerning equity investments with a carrying amount in excess of 1% of Chargeurs' capital			
1. Subsidiaries (at least 50%-owned by Chargeurs)			
Chargeurs Textiles	31,085	23,637	100.00
Chargeurs Protective Films	231,247	(91,162)	100.00
Chargeurs Interlining	4,961	46,850	99.99
Chargetex 34	6,077	(5,357)	100.00
2. Affiliates (10% to 50%-owned by Chargeurs)			
Other companies	N/A	N/A	37.50
B. Aggregate information concerning other subsidiaries and affiliates			
1. Subsidiaries not listed in A			
French companies	294	972	–
Foreign companies	100	582	–
2. Affiliates not listed in A			
French companies	–	–	–
Foreign companies	296	1,107	–

Cost of investment	Carrying amount of investment	Outstanding loans and advances granted by Chargeurs	Guarantees given by Chargeurs	2011 revenue[1]	2011 profit/(loss)	Gross dividends received by Chargeurs during 2011
69,480	55,736	–	–	–	10,016	–
286,266	143,900	–	–	–	10	–
102,471	88,962	–	50,173	–	(6,585)	–
6,077	1,900	–	–	–	(103)	–
6,296	0	1,524	–	–	–	–
221	120	–	–	–	986	5
2	2	–	–	–	(6)	–
–	–	–	–	–	–	–
671	671	–	4,255	42,549	8	–

(1) The majority of the companies owned by Chargeurs are purely financial holding companies and therefore do not generate any sales.

FIVE-YEAR FINANCIAL SUMMARY

(in euros unless otherwise specified)

	2011	2010	2009	2008	2007
I - Capital at December 31					
Share capital	2,099,716	2,059,486	166,033,552	166,033,552	166,033,552
Number of shares	13,123,225	12,871,789	10,377,097	10,377,097	10,377,097
Number of convertible bonds	313,629	322,687	–	–	–
II – Results of operations					
Operating revenue, investment income, interest income and other revenues, net of tax	2,210,555	1,731,778	3,867,432	16,035,306	3,767,350
(Loss)/profit before tax, amortization, depreciation and provisions	(8,859,541)	(5,640,458)	(18,560,749)	11,573,410	(17,034,986)
Income tax	646,607	235,599	299,535	895,326	3,248,773
Net profit/(loss)	8,753,732	19,400,096	(52,087,120)	(84,531,656)	4,066,695
Total dividends	–	–	–	–	6,745,113
III – Per share data					
(Loss)/earnings per share after tax, before amortization, depreciation and provisions	(0.63)	(0.42)	(1.76)	1.20	(1.32)
Earnings/(loss) per share	0.67	1.51	(5.02)	(8.15)	0.39
Dividend per share	–	–	–	–	0.65
IV – Employee data					
Number of employees	2	2	3	3	3
Total payroll (in euro thousands)	772	686	659	763	729
Total benefits (in euro thousands)	259	211	206	223	267

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(Year ended December 31, 2011)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the Statutory Auditors' assessments of certain significant accounting matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.
This report, together with the Statutory Auditors' report addressing financial and accounting information in the Chairman's report on internal control, should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by the Annual Meeting, we hereby report to you, for the year ended December 31, 2011, on:
- The audit of the accompanying financial statements of Chargeurs.
- The justification of our assessments.
- The specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I – Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves examining, using sample testing techniques or other selection methods, the evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management and the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements present fairly the results of operations for the year ended December 31, 2011 and the financial position and assets of the Company at that date, in accordance with the accounting rules and principles applicable in France.

II – Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

Note 1.2 to the financial statements describes the methods used to measure investments in subsidiaries and affiliates. We reviewed the methods applied by the Company and examined, on a test basis, the application of these methods.

These assessments were made in the context of our audit of the financial statements taken as a whole and therefore contributed to the formation of the opinion expressed in the first part of this report.

III – Specific verifications and information

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

We have no observations concerning the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information about the compensation and benefits paid and the commitments given to executive directors disclosed in accordance with article L. 225-102-1 of the French Commercial Code, we have verified the conformity of these disclosures with the financial statements or the underlying data and with any information obtained from entities that control the Company or that the Company controls. Based on our procedures, we certify that these disclosures are accurate and fairly stated.

As required by law, we have also verified that details of shareholders are disclosed in the management report of the Board of Directors.

Neuilly-sur-Seine and Paris – March 28, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

S & W Associés
Maryse Le Goff

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

(Year ended December 31, 2011)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on regulated agreements and commitments.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of article R. 225-31 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Our responsibility also includes reporting to shareholders the information provided for in article R. 225-31 of the French Commercial Code on the execution during the reporting year of agreements and commitments approved by the shareholders at previous General Meetings.

We have performed our procedures in accordance with professional guidelines applicable in France. These procedures consisted in verifying that the information given to us agrees with the underlying documents.

Agreements submitted to the Annual General Meeting for approval

We were not informed of any new agreements or commitments authorized during the year that would be governed by article R. 225-38 of the French Commercial Code.

Agreements and commitments entered into in prior years

In application of article R. 225-30 the French Commercial Code, we were advised of the following agreements and commitments entered into in prior years that remained in force during the year.

Management services contract between Chargeurs and Chargeurs Boissy

In accordance with the terms of the contract signed on January 2, 2002 and the addendum signed on January 5, 2005, Chargeurs undertakes to provide management, financial and human resources management services to Chargeurs Boissy. In 2011, Chargeurs Boissy paid Chargeurs the sum of €700,000 (excluding VAT) pursuant to the addendum.

Neuilly-sur-Seine and Paris – March 28, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	S & W Associés
Gérard Morin	Maryse Le Goff

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Annual General Meeting of May 3, 2012

REPORT OF THE BOARD OF DIRECTORS
on the resolutions presented at the Annual General Meeting of May 3, 2012

First and second resolutions

(Approval of the parent company and consolidated financial statements for the year ended December 31, 2011)
The purpose of these two resolutions is for shareholders to approve the parent company and consolidated financial statements for the year ended December 31, 2011 as presented.

Third resolution

(Approval of agreements governed by article L. 225-38 of the French Commercial Code)
No new agreements governed by article L. 225-38 of the French Commercial Code were entered into in 2011.
One agreement entered into in a previous year remained in force in 2011 – a management services agreement between Chargeurs SA and Chargeurs Boissy SARL under which Chargeurs SA has undertaken to provide Chargeurs Boissy SARL with general, financial and human resource management services.
This agreement is the subject of a special report issued by the Statutory Auditors, which shareholders are invited to approve.

Fourth resolution

(Appropriation of results)
The Board of Directors proposes that profit for 2011 in the amount of €8,753,732.08 should be allocated to "Other reserves," thus increasing the balance of this account from €66,924,835.24 to €75,678,567.32.

Fifth resolution

(Re-election of Eduardo Malone as a Director)
Eduardo Malone's term as Director expires at the close of this Annual General Meeting and shareholders are therefore invited to re-elect him for a further three-year term.

Biography of Eduardo Malone:

Eduardo Malone was born in Argentina in 1949. After gaining a doctorate in Business Administration from the Catholic University of Buenos Aires, he began his career in his native country. In 1973, he took up a position as analyst with Pricel, which then became Chargeurs. Not long after, he joined the Chargeurs senior management team in Paris as financial controller. He was appointed Executive Vice-President in 1983, then President and Chief Operating Officer in 1985. He joined the Chargeurs Board in 1987 and became Vice-Chairman and Chief Executive Officer in 1995.

In 1996, at the time of the Group's demerger, he was appointed Chairman of the new industrial group Chargeurs and Vice-Chairman of Pathé. By the end of 2000, Eduardo Malone became Co-Chairman and CEO of Pathé while remaining Chairman of Chargeurs.
From 1992 to 2002, Eduardo Malone was Vice-Chairman of UIT (Textile Manufacturers Institute) and President of DEFI (French Committee for the Development and Promotion of Textile and Clothing Industry) from 1994 to 1997. He was a member of the Strategy Board of MEDEF International from 1998 to 2000. He is director of Olympique Lyonnais Groupe and of Compagnie Deutsch and member of Paris Diocesan Council. Eduardo Malone has been designated *Chevalier de la Légion d'honneur.*

Sixth resolution

(Powers to carry out legal formalities)
Shareholders are asked to grant all of the necessary powers to carry out the legal formalities required in relation to the above-described resolutions.

We thank you in advance for demonstrating your confidence in Chargeurs by voting for these resolutions tabled by the Board.

The Board of Directors

ORDINARY RESOLUTIONS

First resolution

(Approval of the parent company financial statements for the year ended December 31, 2011)
The Annual General Meeting, having heard the report of the Board of Directors and the Statutory Auditors' report on the parent company financial statements, approves the parent company financial statements for the year ended December 31, 2011, as presented, showing profit for the year of €8,8 million, together with all the transactions for the year reflected in the accounts or referred to in the report of the Board of Directors.
The Annual General Meeting therefore gives discharge to the members of the Board of Directors for the fulfillment of their duties during the year ended December 31, 2011.

Second resolution

(Approval of the consolidated financial statements for the year ended December 31, 2011)
The Annual General Meeting, having heard the report of the Board of Directors and the Statutory Auditors' report on the consolidated financial statements, approves the consolidated financial statements for the year ended December 31, 2011, as presented, showing profit for the year of €10,5 million, together with all the transactions for the year reflected in the accounts or referred to in the report of the Board of Directors.

Third resolution

(Approval of agreements governed by article L. 225-38 of the French Commercial Code)
The Annual General Meeting, having heard the Statutory Auditors' special report, approves this report and notes that the Statutory Auditors were not informed of any new agreements authorized by the Board of Directors during the year ended December 31, 2011.

Fourth resolution

(Appropriation of results)
The Annual General Meeting, having noted that profit for the year amounted to €8,753,732.08, resolves to appropriate this amount to "Other reserves", thus increasing the balance of this account from €66,924,835.24 to €75,678,567.32.
The Annual General Meeting resolves that no dividend will be paid for 2011.

The Annual General Meeting notes that the following dividends have been paid over the last three years:

Year ended	Dividend per share (in euros)
December 31, 2010	–
December 31, 2009	–
December 31, 2008	–

Fifth resolution

(Re-election of Eduardo Malone as a Director)
Having noted that Eduardo Malone's term of office expires at the close of this Meeting, the Annual General Meeting resolves to re-elect Mr Malone as a Director for a three-year term expiring at the close of the Annual General meeting to be held in 2015 to approve the 2014 financial statements.

Sixth resolution

(Powers to carry out legal formalities)
The Annual General Meeting gives full powers to the bearer of an extract or copy of the minutes of the Meeting to carry out all publication, filing and other formalities.

EXECUTIVE COMMITTEE

Eduardo MALONE
Chairman and Chief Executive Officer

Martine ODILLARD
Chief Operating Officer

Laurent DEROLEZ
Managing Director Chargeurs Protective Films

Stéphane RIGAUT
Managing Director Chargeurs Interlining

Richard VON GERSTENBERG
Managing Director Chargeurs Wool

BOARD OF DIRECTORS

Eduardo MALONE

Chairman
Current term began: 2009
Current term expires: 2012

Directorships and other positions held in other companies:

Chairman and Chief Executive Officer: Sofi Emy
Co-Chairman: Pathé
Chief Executive Officer: Pathé SAS
Member of the Executive Board: Pathé SAS
Member of the Executive Committee: Les Cinémas Gaumont Pathé
Director: Olympique Lyonnais Groupe, Compagnie Deutsch (France), Lainière de Picardie (UK) Ltd (UK)
Member: Paris Diocesan Council

Martine ODILLARD

Chief Operating Officer
Current term began: 2011
Current term expires: 2014

Directorships and other positions held in other companies:

Chairperson: Chargeurs Wool (Eurasia) SAS, Chargeurs Textiles SAS
Legal Manager: Chargeurs Boissy SARL
Director: Lanas Trinidad SA (Uruguay), CMI (Chargeurs Management International)
Member: Fondation Jérôme Seydoux – Pathé
Permanent representative: Chargeurs Textiles SAS on the Board of Directors of Chargeurs Films de Protection SA, Chargeurs SA on the Board of Directors of Chargeurs Entoilage SA, Chargeurs SA on the Executive Committee of Lainière de Picardie BC SAS
Directorships and other positions held in 2011 that have expired: Chairperson of CMI (Chargeurs Management International), member of the Supervisory Board of Pathé Holding BV (Netherlands)

Salim Meir IBRAHIM

Director
Current term began: 2010
Current term expires: 2013

Giuseppe PIROLA

Director
Current term began: 2011
Current term expires: 2014

Directorships and other positions held in other companies:

Chairman of the Board of Directors: Studio Pirola Pennuto Zei & Associati, Compagnia Investimenti Brera Srl (formerly E- Thinkers Srl)
Director: AM Holdings SpA (formerly Antonello Manuli Finanziaria SpA), Auto Centauro de la Vallee Srl, Coop-Lease SpA, Gest Auto SpA, Hedge Invest Sgr, Idea Uno SpA, Idea Due SpA, Premium Car Rent Srl, Riso Gallo SpA, Terme di Saturnia Srl
Lead Auditor: ABB SpA, Aliaxis Holding Italia SpA, Bluestar Silicones Italia SpA, Borgo del Sole SpA, Fin. Borgo SpA, Dell'Orto SpA, Ecodeco Srl, Fineurop SpA, Glynwed Srl, Gruppo Cordenons SpA, OMR Holding SpA (Officine Meccaniche Rezzatesi), Partenope Ambiante SpA, Prosciuttificio Rovagnati Srl, Rovagnati SpA, Redi HT Srl, Redi SpA, Rhodia Italia SpA, Sibelco Italia SpA
Auditor: Gruppo Industriale Tosoni SpA
Directorships and other positions held in 2011 that have expired: Director of Autocrocetta SpA, Gruppo Euro Auto 2000 SpA, Manuli Rubber Industries SpA

Georges RALLI

Director
Current term began : 2010
Current term expires : 2013

Directorships and other positions held in other companies:

Chairman: Maison Lazard SAS, Lazard Frères Gestion SAS
Managing Partner: Compagnie Financière Lazard Frères SAS, Lazard Frères SAS, Lazard Frères Gestion SAS
Director: SILIC SA, Veolia Environnement SA
Member of the Supervisory Board: VLGI SAS
Deputy Chairman and Managing Director: Lazard Group LLC (USA)
Chief Executive: European Investment Banking Business of Lazard (USA)
Co-Chairman: European Investment Banking Committee of Lazard (USA)
Chairman: Board of Managers of Lazard Wealth Management Europe Sarl (Luxembourg), Advisory Board of Lazard GmbH (Switzerland)
Member: LFCM Holdings LLC (USA), Advisory Committee de Lazard BV (Belgium), European Advisory Board of Lazard (USA)
Directorships held outside France: Lazard Wealth Management Holding SL (Spain), LAZ-MD Holding LLC (USA), Lazard Aserores Financieros SA (Spain), Lazard AB (Sweden), Lazard & Co. Srl (Italy), Lazard Investments Srl (Italy)
Directorships and other positions held in 2011 that expired during the year: Member of Executive Committee of Lazard Administration GmbH (Germany), Chairman of Executive Committee of Lazard Fund Management GmbH (Germany)

Jérôme SEYDOUX
Director
Current term began: 2010
Current term expires: 2013

Directorships and other positions held in other companies:

Co-Chairman: Pathé
Chairman: Pathé SAS, Pathé Distribution SAS, Pathé Production SAS, Société du Golf du Médoc Pian SAS, Société Foncière du Golf SAS
Chief Executive Officer: Pricel SAS
Director: Chargeurs SA, Société du Golf du Médoc Pian SAS, Société Foncière du Golf SAS
Member of the Executive Board: Pathé SAS
Member of the Executive Committee: Les Cinémas Gaumont Pathé SAS, Pathé Production SAS, Pricel SAS
Vice-Chairman, Director and member of the Investment Committee: Olympique Lyonnais Groupe
Legal Manager: Ojej SC, Sojer SC
Member of the Supervisory Board: Pathé Théâtre BV

SHAREHOLDER AUTHORIZATIONS GIVEN TO THE BOARD OF DIRECTORS THAT WERE IN FORCE IN 2011

(Article L. 225-100 of the French Commercial Code)

Purpose	Date of the General Meeting	Period and expiry date	Maximum Amount	Utilizations
Issue of shares and/or securities carrying immediate and/or deferred rights to the Company's shares or to debt securities (6th resolution)	February 8, 2010	26 months, expiring April 7, 2012	The aggregate par value of shares issued under the authorization is capped at €30 million	Utilized in 2010 Convertible bond issue: €22,829,565
Employee rights issue governed by the French Commercial Code and articles L. 3332-18 *et seq* of the French Commercial Code (7th resolution)	February 8, 2010	26 months, expiring April 7, 2012	The aggregate par value of shares issued under the authorization (before statutory adjustments) is capped at €1 million	Not utilized

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C/O Chargeurs Wool (Argentine) SA
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Statutory Auditors
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Yves Nicolas, Substitute Auditor
63, rue de Villiers – 92208 Neuilly-sur-Seine – France
S & W Associés, Auditor
8, avenue du Président-Wilson – 75116 Paris – France
Yves-Alain Ach, Substitute Auditor
Audit Conseil Holding – 58 bis, rue de la Chaussée-d'Antin
75009 Paris – France

The Annual Report can be downloaded in English or French from the Company's website www.chargeurs.fr. This version of the Annual Report is a translation from the original, which was prepared in French. In all matters of interpretation of information, views or opinions expressed therein, the original language version of the report takes precedence over this translation.

Design and production

French copy consultant
Jacques Guérin
Photo of the Chairman
Luc Perenom