annual report 2012

discipline
mobilization

CHARGEURS

Chargeurs is a global, diversified group with leadership positions in niche markets, both in manufacturing and in services.

It operates in three business segments:

— Temporary surface protection, through **Chargeurs Protective Films**;

— Technical textiles, through **Chargeurs Interlining**;

— Topmaking and combed wool sales, through **Chargeurs Wool**.

In 2012, consolidated revenue totaled **€524.6 million,** of which 94% was generated outside France.

With operations in 33 countries on five continents, the Group has more than 1,800 employees.

Revenue by business

35%	34%	31%
€181.5m	€179m	€164.1m
Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool

Revenue by region

46%	32%	22%
€242.6m	€166.7m	€115.3m
Europe	Asia	Americas

Realignment measures

The year 2012 was shaped by a general slowdown in Europe's largest economies and a period of turbulence in Asian growth that affected our main markets, construction and apparel. This deteriorated environment led to a decrease in delivered volumes and added to the structural tensions weighing on our textile businesses, stemming from major production over-capacity and intense price pressure. The Group immediately responded with measures to realign Chargeurs Interlining and Chargeurs Wool with market demand.

Chargeurs Interlining consolidated its production facilities in France and China and rationalized its network of marketing units in several European regions, North Africa and Asia.

In response to contracting wool demand and scarcer bank financing, Chargeurs Wool cut its combing capacity in China by more than a third and considerably reduced its fixed cost structure in Australia. In addition, the business sold half of its wool businesses in Uruguay and in Argentina to local partners. In its new configuration, Chargeurs Wool is becoming a services business with a minimum number of industrial assets that are owned jointly with local entrepreneurs who operate in wool-producing countries.

Sharp reduction in debt

In all, thanks to the solid second-half performance by Chargeurs Protective Films and the measures undertaken in the other two businesses, consolidated revenue ended the year down just 3.3% at constant scope of consolidation, at €524.6 million.

At the same time, in 2012, Chargeurs focused on reducing debt, with the result that by year-end consolidated net debt had been reduced by 60% compared with December 31, 2011.

In 2013, we must continue to manage our margins as tightly as possible, reduce our working capital requirement, pay down debt and diversify our sources of financing.

In addition to the necessary competitive realignments, stepping up our innovation commitment remains absolutely imperative for our businesses. In the same way, by developing quality services, our businesses will be able to protect and grow their market positions.

By implementing its strategic drivers for value creation – competitiveness, financial autonomy and innovation – even though our businesses will continue to operate in 2013 in a weaker and uncertain global business environment, Chargeurs should be able to deliver a sharp rebound in operating profit.

Ambitious innovation strategy

Eduardo Malone
Chairman and Chief Executive Officer

Group

revenue

€524.6m 2012
€552.1m 2011

operating profit

€7m 2012
€23.7m 2011

attributable net (loss)/profit

€(15.2)m 2012
€10.5m 2011

cash generated by operations = net profit before depreciation, amortization and provision expense

€4.1m 2012
€18.5m 2011

net debt

€(32.8)m 2012
€(80.6)m 2011

Consolidated revenue declined by 5% in 2012, reflecting a 9.3% decrease in volumes and a 1.7% negative impact from changes in the scope of consolidation, partly offset by a 3.6% positive currency effect and a 2.4% positive price effect.
The year-on-year decline in **operating profit** was attributable to lower volumes, for €9.9 million; the negative price effect, for €2.1 million; and non-recurring items, for €4.7 million.

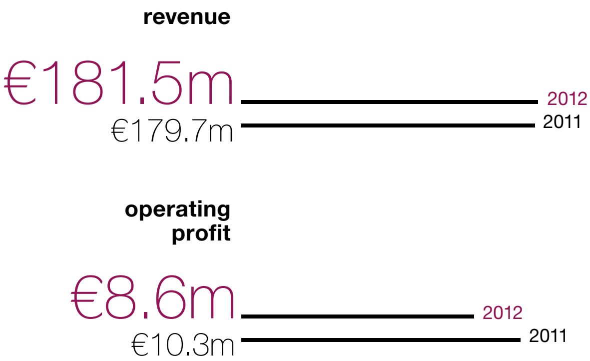
The **net loss** for the year compared with 2011 net profit reflected the decline in operating profit, as well as a €4-million loss from divestments and discontinued operations and a €5-million writedown of deferred tax assets.
Net debt was reduced by nearly 60%, of which €3.9 million concerned Chargeurs Protective Films, €11.9 million Chargeurs Interlining and €32 million Chargeurs Wool. This led to a sharp year-on-year improvement in gearing, to 19.7% at December 31, 2012.

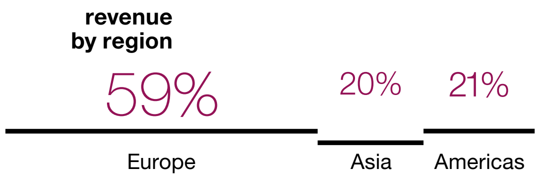
three businesses

=

focused on delivering quality products and services with value added

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

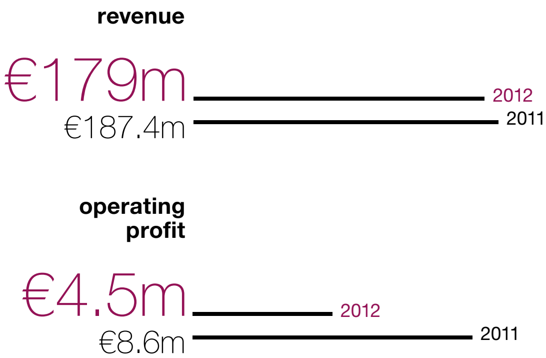


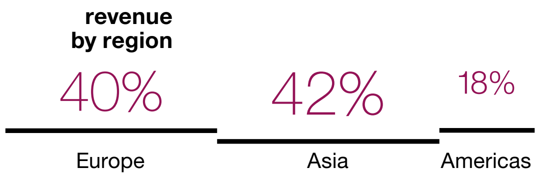


With revenue up slightly to €181.5 million and €8.6 million in operating profit, Chargeurs Protective Films displayed strong resilience in 2012, in a surface protection market that contracted in Europe but saw faster growth in North America. As a result, the business maintained its overall market share during the year, in an environment that was also shaped by consolidation of its large accounts.
In addition, polyethylene prices suddenly and unprecedentedly spiked twice, in quick succession. Because the second run-up occurred in September and October, it was not possible to pass on to customers all of the increase, which therefore had an adverse impact on operating profit for the year.

To strengthen and broaden its traditional markets, Chargeurs Protective Films is pursuing its strategy of focusing on high value-added products and innovation, so as to offer new segments the entire spectrum of its expertise in delivering bespoke applications in automotive, specialty glass and other technical niches. Promising applications have been introduced. This process is supported by the seamless collaboration between the R&D units and the marketing teams, who consistently identify and share emerging customer needs and the rising expectations for greater quality and technological performance.
Chargeurs Protective Films believes that demand will remain stable overall in Europe and the United States in 2013, but expects to drive revenue growth in Asia, North America, Eastern Europe and the Middle East, while aiming to improve profitability compared with 2012.

Chargeurs Interlining — 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.





Chargeurs Interlining's revenue decreased to €179 million in 2012, dragged down primarily by the 5.8% decrease in volumes. The structural decline in apparel purchases gained momentum month after month in 2012, tangibly dampening growth across the garment industry both in Europe and in several export-focused countries in Asia. In addition to softening demand, the business' decision to focus its marketing strategy on contract security and profitability also led to a reduction in volumes delivered.

In response to a worsening market, Chargeurs Interlining introduced a cost savings plan that involved the consolidation of production units in France and China, and the rationalization of marketing structures in several European regions, North Africa and Asia. These measures were financed by the sale of property assets in France and Asia.

The €4.5-million operating profit reflected the decline in volumes and the impact of the realignment measures.

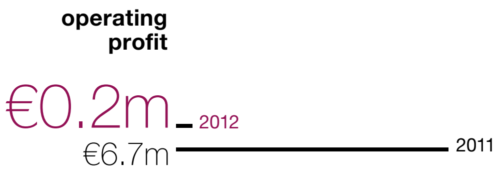
At the same time, major efforts were made to reduce debt and diversify sources of financing, while diligently managing working capital requirement.

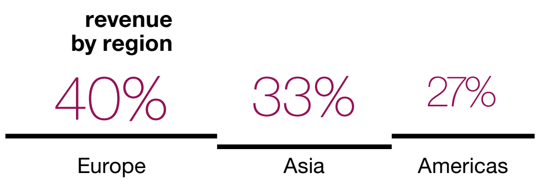
Chargeurs Interlining is stepping up its research and development commitment to improve its ability to deliver premium, high value-added products, without neglecting more basic items, in order to maintain a comprehensive range of solutions to serve its global customers.

The business expects revenue to increase slightly in 2013, mainly in Western Europe and China.

The new technical products and innovative interlinings launched in 2011 and 2012 are also expected to see stronger growth in sales. Lastly, the focus will remain on the careful management of margins and sustained debt reduction.

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, with a powerful international network and the support of solid local industrial partners.





Chargeurs Wool's revenue declined to €164.1 million in 2012, primarily as a result of the 21% fall-off in volumes.
During the year, the business was confronted with both a steep drop in wool demand and a growing scarcity of bank financing to purchase raw wool.
In response, it had to make extensive adjustments, by reducing its combing capacity in China by more than a third and lowering its fixed cost structure in Australia.
These measures resulted in a sharp contraction in operating profit for the year.

In South America, Chargeurs Wool finalized the partnership agreement with the Otegui family group in September, by selling the family group a 50% interest in the wool operations in Uruguay, thereby strengthening the collaboration initiated in 1990.
In the same way, in December, Chargeurs partnered with an Argentine entrepreneur by selling him a 50% stake in the local wool operations.
In its new configuration, Chargeurs Wool is becoming a services business with a minimum number of industrial assets that are owned jointly with local entrepreneurs who operate in wool-producing countries.
Having sharply reduced its fixed costs and capital employed in industrial assets, Chargeurs Wool will now focus on its topmaking business and customer relationships, backed by the excellence of its global marketing network.
It will maintain its risk management policy based, in particular, on carefully selecting contracts and reducing their duration.

stock exchange, corporate social responsibility, corporate governance and internal control, financial report

CHANGES IN SHARE CAPITAL

	Number of convertible bonds	Number of shares	Share capital (in euros)[1]
January 1, 2012	**313,629**	**13,123,225**	**2,099,716.00**
New shares issued on bonds tendered for conversion in 2012	13,938	401,688	
January 1, 2013	**299,691**	**13,524,913**	**2,163,986.00**
New shares issued on bonds tendered for conversion in January and February 2013	48	1,433	
March 14, 2013	**299,643**	**13,526,346**	**2,164,215.36**

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

(1) Par value: €0.16 per share.
(2) Article L. 225-211 of the French Commercial Code. Total cost: €230,851.35 representing an average price of €17.31 per share.
(3) Total cost: €972,436, representing an average price of €9.44 per share purchased under the liquidity contract in effect between May 16, 2007 and November 5, 2009.
Inactive since August 7, 2011, the liquidity contract managed by Crédit Agricole Cheuvreux was terminated on February 7, 2013, and all of the shares have been sold.
(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, may 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 71.

CHANGES IN SHARE OWNERSHIP

Trading in Chargeurs shares by management or members of the Board

In May 2012, Sofi Emy, a company controlled by Eduardo Malone, purchased 27,360 Chargeurs shares in several transactions.

Shareholders owning more than 5% of share capital

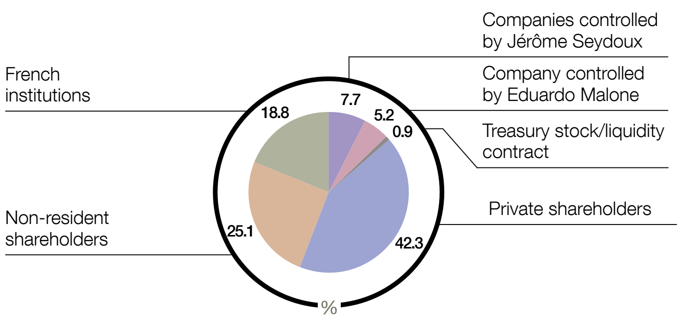
(as of December 31, 2012)	Number of shares	% interest	% voting rights
Pathé[1]	1,000,000	7.39	6.90
Ojej[1]	41,000	0.30	0.57
Jérôme Seydoux	1,341	0.01	0.02
Sofi Emy[2]	702,445	5.19	9.36
Eduardo Malone	1,163	0.01	0.02
Argos Investment Managers SA	1,126,800	8.33	7.77
The Baupost Group	1,163,003	8.60	8.02
HMG Finance	967,570	7.15	6.67

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

Jérôme Seydoux, Eduardo Malone and the companies that they control together hold 12.9% of Chargeurs' capital and 16.8% of the voting rights, which are exercised in concert.

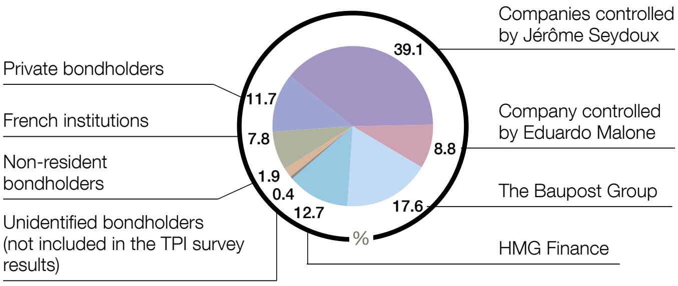
Ownership structure (% of total outstanding shares)

(based on the January 31, 2013 TPI securities ownership survey)



Holders of the 299,665 convertible bonds outstanding at January 31, 2013

(based on the January 31, 2013 TPI securities ownership survey)



DIVIDENDS

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

No dividend was paid in respect to 2010 and 2011. No dividend will be paid in respect to 2012.

STOCK MARKET DATA

Market listing

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

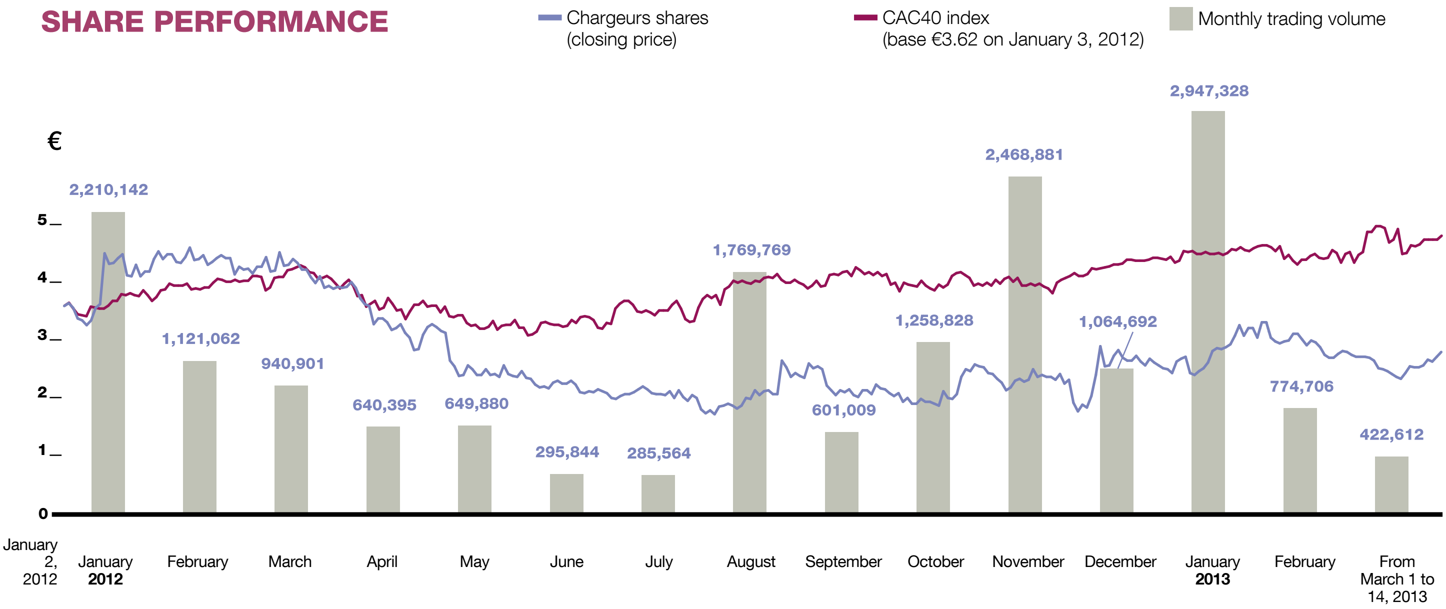
Listing of new shares

(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



For Chargeurs, corporate social responsibility primarily means the values demonstrated through the resources and action plans deployed to manage the present, so as to deliver superior short-term operating performance and returns, while securing our future and sustainability in businesses facing aggressive competition around the world.

We are committed to expressing the core components of our values and management principles and to strengthening their practice across the organization. These management ethics, validated by the Executive Committee, have been integrated into the objectives set for subsidiary managers, who are expected to instill them in every aspect of their business.

In particular, these guidelines encourage compliance with the fundamental conventions of the International Labour Organization concerning freedom of association and the right to collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of forced and compulsory labor and the effective abolition of child labor.

Chargeurs is present in 33 countries on five continents. To cover the additional indicators listed in the French decree concerning disclosure of corporate social responsibility information, while enabling the operating units to focus on their strategic priorities, Chargeurs has chosen to report either on companies in France, or on the main production units in each business or just managers, depending on which criteria was most relevant. A more detailed reporting system will be gradually extended to all units.

Certain indicators specified in the French decree are not discussed in this report, either because they do not directly concern the Group or because they are not priority issues given our business activities. These indicators concern 1) measures to adapt to climate change; 2) measures taken to safeguard or develop biodiversity; 3) the regional, economic and employment impact of the company's business on neighboring communities (other than on jobs and local development); 4) philanthropic actions; and 5) other actions undertaken to promote human rights. However, this decision will be reassessed every year.

EMPLOYEE INFORMATION

Workforce

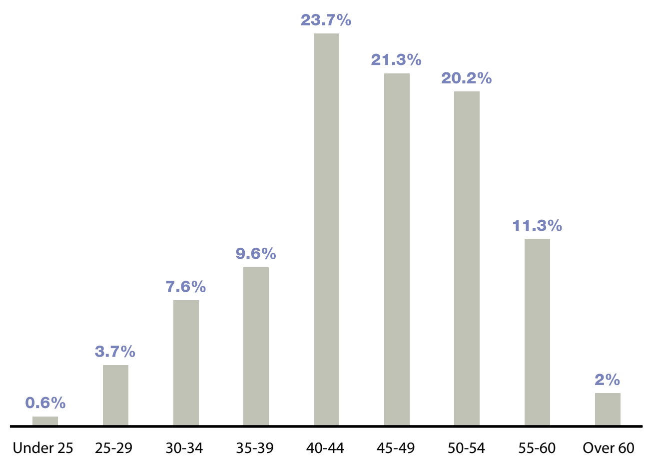
2012 saw a general slowdown in the European economies and disrupted growth in our core construction and apparel markets in Asia and the emerging economies. In response to the downturn and the resulting contraction in deliveries, measures were quickly taken to align operations in the Interlining and Wool businesses.

As of December 31, 2012, the Group had **1,811 employees,** 15.5% fewer than at year-end 2011. The decrease primarily reflected the 45.9% decline in the Chargeurs Wool workforce due to the disposals in Uruguay and Argentina, and the capacity reductions in China. The realignment measures taken by Chargeurs Interlining also led to a decline in the workforce, of 9.5%.

For the entire Group, the Asia region now accounts for 42.2% of the total workforce, with the 534 employees in China representing 29.5% of the total, versus 30.8% at end-2011. Operations in France employed 28.2% of Chargeurs' overall workforce at end-2012.

Temporary staff represented 2.4% of the workforce, compared with 5.9% in 2011.

Age pyramid at units in France



Hirings and dismissals in the French units during the year resulted in a net decline of 38 employees in 2012.

Equal opportunity

Women accounted for 29% of the consolidated workforce. The proportion was 45% at Chargeurs Wool, 31% at Chargeurs Interlining and 18% at Chargeurs Protective Films. Women also represented 27% of managers worldwide.

Whenever possible, the Group prefers to hire local managers, with the result that the management population currently counts 31 different nationalities.

Disabled employees accounted for 6% of the workforce in the French subsidiaries.

Organization of work

The monthly reporting system includes data from subsidiaries on a number of social indicators. In addition, the corporate and businesses' human resources departments systematically audit local units to verify reported data.

Chargeurs complies with working hours legislation in every host country, while continuously seeking to align workforce management with its needs.

Absenteeism (excluding maternity leave, vacation and unpaid leave): total absenteeism in the French units stood at 12 days in 2012, based on average headcount for the year.

Health and safety

The risk management policy implemented at each stage of the operating process places considerable emphasis on employee safety. The lost-time incident frequency rate improved to 12.2 from 14.8 in 2011, while the severity rate rose to 0.6 from 0.4 the year before.

In our textile businesses, the frequency rate stood at 7.2, compared with 33 for the textile industry in France, where safety regulations are often stricter than in many other countries. The severity rate was 0.7 compared with 1.8.

At Chargeurs Protective Films, the frequency rate was 28.3 and the severity rate was 0.51, compared with chemical/rubber/plastics industry averages of 19.9 and 1.1, respectively.

Dedicated safety training programs represented 26% of total training hours in the European production units in 2012.

Training

Management remains fully committed to developing employee skills. In line with our decentralized structure, training programs are the responsibility of the directors of the individual units. Employee relations indicators show that in 2012, 40% of employees attended a training course, versus 34% in 2011, and that the average amount of training increased significantly, to 34 hours from 24 in 2011.

In recent years, the French Interlining units have offered training programs to broaden the capabilities of production operators and enhance their employability in a mature textile industry that is losing jobs in Europe. In the same way, the two European Protective Films units encourage operators to attend training to develop new skills.

Employee relations

While respecting its decentralized organization, Chargeurs remains committed to promoting social dialogue, especially with employee representatives.

In France, for example, the proportion of trade union representatives has held steady for many years despite downsizing programs, at around 5.39% of the workforce.

Moreover, in addition to local employee representation in each host country and the Group Works Council in France, the European Committee for Social Dialogue promotes constructive exchanges of views between the Executive Committee and European employee representatives.

During the year, the French units signed a gender equality agreement with their unions and conducted a study of harsh working conditions. The study found that an agreement was not necessary in two of the three units. The third is now engaged in negotiations that are expected to result in an agreement by the end of March 2013.

Compensation

Chargeurs' decentralization policy also applies the management of human resources, in compliance with local legislation.

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 prepared based on the recommendations in the Corporate Governance Code for Small- and Mid-caps companies 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 Mr. Malone in his capacity as Chairman and Chief Executive Officer totaled €522,825 in 2012 and €522,556 in 2011.

This total amount included €350,000 in salary and €91,469 in fees for directorships held with Group subsidiaries, unchanged in both cases from 2011. It also included the use of a company car valued at €11,356 in 2012 (versus €11,087 in 2011) and a bonus of €70,000 in respect of the profit reported in 2011.

Compensation paid to the Chairman and Chief Executive Officer by Group companies is set by the Board of Directors. His incentive bonus represents a percentage of his base salary, contingent on consolidated earnings performance. Given the losses reported in 2012, no such bonus will be paid in respect to the year.

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 €590,637 in 2012.

This total amount included €350,000 in salary and €65,000 in fees for directorships held with Group subsidiaries, unchanged in both cases from 2011. It also included the use of a company car valued at €5,637 in 2012 (versus €5,207 in 2011) and a bonus of €170,000 in respect of the profit reported in 2011 and the performance of Group services during the year.

Compensation paid to the Chief Operating Officer by Group companies is also set by the Board of Directors. Her incentive bonus is contingent on (i) consolidated earnings performance and (ii) the performance of the services she leads as Chief Operating Officer, as measured against the objectives set at the beginning of the year. In light of the performance of these services in 2012, she will be paid a bonus in respect of the year.

Neither Eduardo Malone nor Martine Odillard has a supplementary pension plan, and they are not entitled to a no-compete indemnity if they leave the Group. No commitment has been undertaken to pay compensation for loss of office to either Mr. Malone or Mrs. Odillard. In addition, neither Mr. Malone nor Mrs. Odillard has been granted stock options or performance shares.

The total fees awarded to the members of the Board of Directors for 2012 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.

SOCIAL RESPONSIBILITY COMMITMENTS

Chargeurs' management organization combines decentralization and empowerment, so that local management is responsible for relationships with schools and universities, trade federations and other local organizations. Regarding sub-contracting, certain functions may be outsourced to enable the units to remain focused on their core business. Relations with local organizations, sub-contractors and suppliers, as well as the entire purchasing process, must comply with the Chargeurs values integrated into the objectives set for local managers. This is particularly the case as it concerns honest business practices, transparency and the reliability of reported data and actions. Moreover, for the Interlining business, Chargeurs has delivered a detailed Code of Ethical Conduct that every manager and team member is expected to apply. Measures undertaken to protect consumer health and safety are described in the environmental section below, which also discusses the certification process.
In future reports, the Group will address the issue of purchasing policies taking into account social and environmental responsibility.

Human resources indicators

EMPLOYEES	Definition	Measurement unit	Scope	12/31/2011	12/31/2012
Total employees	Employees on the payroll at December 31	Employees under permanent and fixed-term contracts	World	2,143	**1,811**
Use of temporary staff	Temporary staff	% of total employees under permanent and fixed-term contracts	World	5.9%	**2.4%**
Employees by business	Group employees by business	– Headquarters	World	10	**12**
		– Chargeurs Protective Films	World	523	**526**
		– Chargeurs Interlining	World	1,194	**1,081**
		– Chargeurs Wool	World	355	**192**
		– Other	World	61	**–**
Employees by region	Group employees		France	540	**511**
			Rest of Europe	294	**271**
			Asia	922	**764**
			Americas	387	**265**
	Chargeurs Protective Films		Europe	80%	**80%**
			Asia	6%	**5%**
			Americas	14%	**15%**
	Chargeurs Interlining		Europe	33%	**31%**
			Asia	52%	**52%**
			Americas	15%	**17%**
	Chargeurs Wool		Europe	4%	**7%**
			Asia	59%	**88%**
			Americas	37%	**5%**
Gender parity	Group employees	Number of men	World	1,530	**1,287**
		Number of women	World	613	**524**
		Percentage of women	World	28.6%	**28.9%**

TRAINING	Definition	Measurement unit	Scope	12/31/2011	12/31/2012
Numbers of persons trained	Employees who attended at least one training course	% of total employees	World	34%	**40%**
Training hours	Time spent in training by employees who attended at least one training course	Average training hours per person	World	24 hours	**34 hours**

SAFETY	Definition	Measurement unit	Scope	12/31/2011	12/31/2012
Accidents	Frequency rate: number of occupational accidents per million hours worked	Occupational accidents resulting in at least one day lost time	World	14.8	**12.2**
Absenteeism due to occupational accidents	Severity rate: number of days' absence per thousand hours worked	Days lost due to an occupational accident	World	0.4	**0.6**

COMPENSATION	Definition	Scope		12/31/2011	12/31/2012
Payroll costs	Annual payroll costs recorded in the accounts (in euro millions)	Employees of fully consolidated companies worldwide	World	75.3	**76.5**

ENVIRONMENTAL REPORT

The Protective Films and Wool businesses have long been involved in managing environmental issues, as attested by the ISO 14001 and ISO 9001 certifications earned by their leading production facilities, as well as the OHSAS 18001 occupational health and safety management certification awarded to the Italian Protective Films' unit. These certification processes also cover employee awareness building and training. In the Interlining business, several subsidiaries have also initiated the certification process. In addition, the business supplies products certified according to the Öko-Tex® Standard 100, an eco-label that guarantees that textiles are harmless to human health and comply with the European REACH Directive.

As part of our risk management policies, the Managing Directors of the subsidiaries have signed the Chargeurs Safety Charter, which encourages proactive behavior and progress towards meeting multi-year objectives.

The 2012 environmental data were collected at the 15 primary production plants operated during the year (3 Protective Films plants, 11 Interlining plants and 1 Wool mill, with the Uruguayan mill excluded from the scope of reporting). 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 a square kilometer of film for the Protective Films business, a square kilometer of interlining textile for the Interlining business, and one tonne of combed wool for the Wool business.

For the most part, the same criteria have been applied as in 2011, allowing direct year-on-year comparisons. None of the subsidiaries are required to determine its carbon footprint. However, a more meaningful indicator is volatile organic compound (VOC) emissions, which have been reported since 2003. In addition, this year data was reported by the Protective Films business on its greenhouse gas emissions and by all of the businesses on the waste disposal methods at their main production facilities.

Every year, Chargeurs invests in research designed to reduce its use of energy, water and other resources. These programs will be pursued in 2013.

Noise pollution issues are not addressed in this report.

Other than the land on which our production facilities are built, no land or soil is used in our operations.

Chargeurs Protective Films

Energy and water use

Energy use declined by 5.6% during the year, led by improved efficiency in the compressed air production process and the 19% reduction in gas use following process optimization in Italy. Water use declined by 3.1%.

Energy use (MWh/km^2)

2012	167
2011	177
2010	185

Water use (m^3/km^2)

2012	218
2011	225
2010	193

Raw materials use

The primary raw material is polyethylene, an oil derivative. In recent years, R&D programs have enabled the production of thinner films that use less raw material while delivering greater technical performance.

Waste production

The amount of non-hazardous waste produced continued to decline, while hazardous waste volumes rose after certain manufacturing by-products were reclassified as hazardous and therefore ineligible for recycling.

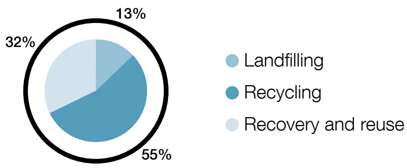
Non-hazardous waste (t/km^2)

2012	7
2011	8.4
2010	8.5

Hazardous waste (t/km^2)

2012	1.2
2011	0.8
2010	0.7

Waste disposal methods



Volatile organic compound (VOC) emissions

VOC emissions declined by 6.4% over the year and action plans are underway to consolidate the reduction in 2013.

VOC emissions (t of carbon/km^2)

2012	1.02
2011	1.09
2010	0.98

Greenhouse gas emissions

In 2012, the burning of natural gas in the production units released 29.6 tonnes of greenhouse gases per square kilometer of film produced. In 2013, one of the units plans to install a regenerative catalytic oxidizer and another will expand its heat exchanger installations, which will save fuel and significantly reduce emissions.

Environmental initiatives and management

There is a full-time environmental, health and safety manager in France and one person employed part-time in Italy. In 2012, the French plant maintained its ISO 14001 and ISO 9001 certifications, while the Italian plant maintained its ISO 14001, ISO 9001 and OHSAS 18001 certifications.

Compliance with REACH legislation

In 2012, the European units of the Protective Films businesses verified that none of the chemicals they use contained substances of very high concern (SVHC) in concentrations exceeding 0.1% w/w. This information may be provided to customers on request.

Chargeurs Interlining

Energy and water use

In 2012, energy use per km² rose by 16.3% due to the under-utilization of certain capacity, while water use remained stable.

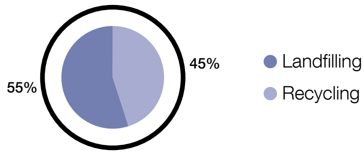
Year	Energy use (MWh/km²)	Water use (m³/km²)
2012	692	3,018
2011	595	3,006
2010	630	2,867

Waste production

Production of non-hazardous waste is continuing to sharply decline, with a 21.6% reduction in 2012. The amount of hazardous waste, on the other hand, exceptionally rose by 15.7% due to the measures undertaken, in liaison with local authorities, to reduce the use of hazardous materials at our French plant.

Year	Non-hazardous waste (t/km²)	Hazardous waste (t/km²)
2012	2.9	0.59
2011	3.7	0.51
2010	4.3	0.43

Waste disposal methods



Volatile organic compound (VOC) emissions

VOC emissions declined slightly at the main facilities accounting for two thirds of production[1]. A comprehensive reporting system will be introduced in 2013.

Year	VOC emissions (kg of carbon/km²)
2012	0.15
2011	0.16

(1) LPBC, DHJ International, Entretelas Americanas, LP Brazil, LPW and CI Guangzhou. xxxxxxx

Environmental initiatives and management

In 2012, an average of one employee per site was assigned to environmental, health and safety management.

Compliance with REACH legislation

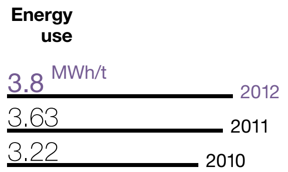
In 2012, the European units of the Interlining businesses verified that their suppliers had pre-registered all of the chemicals they use and that none of these chemicals contained substances of very high concern (SVHC) in concentrations exceeding 0.1% w/w. This information may be provided to customers on request.

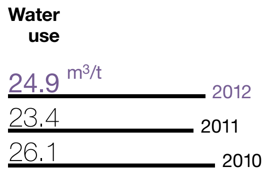
Chargeurs Wool

In 2012, the scope of reporting only covered the Chinese combing mill after the Uruguayan mill was deconsolidated. 2010 and 2011 data have been adjusted accordingly.

Energy and water use

Energy and water used per tonne produced rose by 6.1% and 6.4% respectively in 2012, primarily because the decline in volumes meant that the combing machines were used less efficiently.



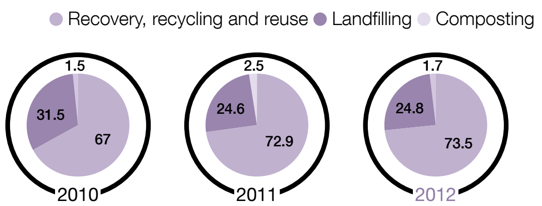


Waste production

The amount of non-hazardous waste generated per tonne produced rose by 26% due to comparison with the broader prior-year scope of reporting. The business does not produce any hazardous waste.

Waste disposal methods

The waste recycling rate improved slightly to 73.5% from 72.9% in 2011.



Volatile organic compound (VOC) emissions

VOC emissions at the Chinese plant fell by a steep 27% compared with 2011.

Environmental initiatives and management

The combing mill in China maintained its ISO 14001 and ISO 9000 certifications during the year. It has also been awarded the Global Organic Textile Standard (GOTS) label and the Öko-Tex® Standard 100 ecolabel. The operations manager is directly responsible for environmental, health and safety performance. A training plan to improve production operator awareness of environmental issues is scheduled for deployment in 2013.

This report is presented to the Annual General Meeting of Chargeurs on April 30, 2013, pursuant to article L. 225-37 of the French Commercial Code. It was submitted to the Audit Committee for review on March 14, 2013 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 companies 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 3, 2012, the Board of Directors renewed Eduardo Malone's term as Chairman and Chief Executive Officer.

Limitations of power

Internally, the Chairman and Chief Executive Officer 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 3, 2012, the Board of Directors renewed Mrs. 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 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 (whose term of office expires at the Annual General Meeting on April 30, 2013 but who is not eligible for re-election under the bylaws concerning the age limit for holding office as a Director), Giuseppe Pirola and Georges Ralli. The Board of Directors has an international profile, with five nationalities represented (French, 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.

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.

The total fees awarded to the members of the Board of Directors for 2012 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 four times in 2012 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 2012, 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. In 2012, the Audit Committee comprised two Directors – Guiseppe Pirola, Chairman, and Salim Meir Ibrahim – a number the Group considered 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 Audit Committee Chairman reports to the Board on the Committee's work on a regular basis.

The Audit Committee met twice in 2012. During these meetings, it examined the process for preparing the financial statements for first-half 2012, the Statutory Auditors' assignments and fee proposal, the company's corporate social responsibility guidelines and action plans, and the 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 businesses, 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 (Chargeurs) and three core businesses (Chargeurs Protective Films, Chargeurs Interlining and Chargeurs Wool), each with its own holding company and operating subsidiaries.

Components of internal control

An efficient organization

Empowering the operating companies is a fundamental principle at Chargeurs. At the same time, efficient information systems have been deployed to provide the holding company with (i) high quality financial information; (ii) detailed understanding of how the businesses work and how they generate earnings and cash; and (iii) the ability to swiftly identify risks.

In recent years, this third concern has become increasingly critical with the development of the Chargeurs management model, which uses such asset financing techniques as factoring and lease financing. The 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. At the same time, such transactions, designed with risk management professionals like insurers, banks and investors, automatically bring with them the controls that are a standard feature of asset financing.

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, organizational measures have been put into place to manage the risks that are likely to have a material adverse effect on 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.
– Shared operating 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 fully aligned with the accounting standards used to produce the statutory and 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 addition, since 2010, our financial controllers have used a highly efficient reporting and consolidation software application perfectly suited to Chargeurs' current business and structure.

Each subsidiary's Managing Director and Finance Director send 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. In 2012, Chargeurs commissioned an insurance broker to perform an international audit of its insurance policies, which in particular provided a comprehensive, holistic vision of our risk coverage.

The Executive Committee therefore plays a central role in the risk management process.

The main risks identified by the company in 2012 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 duly 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 2012, Chargeurs continued to apply 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-2012

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 2012 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 2013 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 2010 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.

– Continuing to deploy the corporate social responsibility reporting and compliance action plans.

– 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 the Chargeurs bylaws, relative to attendance and representation at General Meetings, provides for the following.

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 2013

23 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
Mars 2013

2012 FINANCIAL REVIEW

Results

Consolidated revenue

Revenue totaled €524.6 million, a 5% year-on-year decline that primarily reflected contracting demand in our markets (especially wool) and the increasing scarcity of bank financing.

Revenue by business

Chargeurs Wool's revenue rose by 1% over the year, buoyed by a 1.8% favorable price and currency effect, which offset a 0.8% decline in volumes.

Chargeurs Interlining saw revenue decline by 4.5%, reflecting the net impact of a 1.3% favorable price and currency effect and a 5.8% fall in volumes.

Chargeurs Wool's revenue declined by 11.3%, as a 21% fall-off in volumes offset a 15.2% favorable price and currency effect and a 5.1% gain on changes in scope of consolidation.

Revenue 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: 16.0%
2. China: 14.3%
3. United States: 13.2%
4. Germany: 8.8%
5. France: 6.1%

Together, these five markets accounted for 58.4% of total revenue.

Operating profit

Consolidated operating profit amounted to €7.0 million, representing 1.3% of total revenue.

Chargeurs Protective Films reported operating profit of €8.6 million, down slightly on 2011 due to the extreme volatility of polyethylene prices in the third quarter. This prevented the business from passing on to customers all of the double spikes in its purchasing prices over the year.

Chargeurs Interlining's operating profit came to €4.5 million, reflecting the decline in volumes and the realignment measures undertaken in 2012.

Chargeurs Wool saw operating profit fall to €0.2 million due to sharp contraction in the wool market and the increasing scarcity of bank financing. It was also impacted by the realignment measures taken to reduce combing capacity in China and lower fixed costs in Australia.

Finance costs and other financial income and expense, net

Finance costs and other financial income and expense represented a net expense of €10.2 million, versus €10.4 million in 2011, and comprised the cost of net debt, factoring costs, €1.1 million in convertible bond interest costs and the €1.3-million capital loss of the sale of 50% of the Chargeurs Wool Argentina and Chargeurs Wool Uruguay units.

Share of profits/(losses) of associates

The Group's share of profits and losses of associates amounted to a net loss of €1.2 million, versus a net profit of €1.2 million in 2011, with our South American associates accounting for most of the adverse swing.

Income tax expense

The Group ended the year with an income tax expense of €9.2 million, compared with a €4.5-million expense in 2011. The difference primarily reflected the €5.6-million writedown of the tax asset arising from group relief in France, following application of the new French tax legislation on the updated profit forecasts in the five-year business plans prepared by the French companies.

Net profit

The Group ended the year with a net loss of €15.2 million, versus a net profit of €10.5 million in 2011. The 2012 figure also includes the €2.2-million loss from discontinued operations.

Balance sheet and financial management

Equity excluding non-controlling interests stood at €166.6 million at December 31, 2012.

Net debt excluding convertible bonds amounted to €32.8 million at that date, compared with €80.6 million a year earlier.

Together, the various Chargeurs companies had cash and cash equivalents of €50.6 million at end-2012, compared with €69.5 million at the previous year-end.

Parent company financial statements

The parent company reported an operating loss of €2.1 million for the year, compared with a loss of €2.3 million in 2011.

Finance costs and other financial income and expense represented a net expense of €2.1 million, primarily reflecting 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 a net expense of €1.8 million.

The pre-tax loss stood at €6.0 million.

A tax benefit of €1.5 million was recorded, corresponding to group relief in France.

The company ended the year with a net loss of €4.4 million.

Non-deductible expenses that are disclosable to shareholders pursuant to articles 223 quater and 39-4 of the *Code général des impôts* and the related tax impact amounted to €27,100 in 2012.

As in 2011, the total amount of trade payables (€106,000 at year-end versus €41,000 the year before) is due within 60 days.

March 2013

financial statements 2012

consolidated financial statements

CONSOLIDATED BALANCE SHEET

Year ended December 31 (in euro millions)

Assets

	12/31/2012	12/31/2011
Non-current assets		
Property, plant and equipment (note 5)	47.5	56.9
Intangible assets (note 6)	69.9	71.6
Investments in associates and joint ventures (note 8)	24.6	19.6
Deferred tax assets (note 9)	12.2	18.7
Non-current financial assets		
– Investments in non-consolidated companies (note 10)	1.3	1.7
– Long-term loans and receivables (note 11)	6.3	7.6
Other non-current assets (note 13)	0.8	3.4
	162.6	**179.5**
Current assets		
Inventories and work-in-progress (note 14)	113.7	166.2
Trade receivables (note 15)	44.0	52.9
Factored receivables(1)	52.5	62.6
Derivative instruments (note 12)	0.8	2.2
Other receivables (note 16)	28.5	42.7
Cash and cash equivalents (note 17)	50.6	69.5
	290.1	**396.1**
Assets held for sale (note 18)	1.8	2.6
Total assets	**454.5**	**578.2**

Equity and liabilities

	12/31/2012	12/31/2011
Equity		
Attributable to owners of the parent		
Share capital (note 19)	2.2	2.1
Share premium account (note 19)	38.1	37.4
Other reserves and retained earnings (note 19)	134.7	124.3
Profit/(loss) for the period	(15.2)	10.5
Treasury stock	(1.2)	(1.2)
Translation reserve	8.0	9.9
	166.6	**183.0**
Non-controlling interests	**6.6**	**7.2**
Total equity	**173.2**	**190.2**
Non-current liabilities		
Convertible bonds (note 20)	13.6	13.3
Long-term borrowings (note 21)	18.9	57.1
Deferred tax liabilities (note 9)	0.3	0.9
Pension and other long-term employee benefit obligations (note 22)	10.6	10.7
Provisions (note 23)	0.4	2.5
Other non-current liabilities (note 24)	10.3	10.2
	54.1	**94.7**
Current liabilities		
Trade payables (note 24)	75.5	94.4
Other payables (note 24)	32.6	41.3
Factoring liabilities(1)	52.5	62.6
Current income tax liability	0.3	1.1
Derivative instruments (note 12)	0.7	0.2
Short-term portion of long-term borrowings (note 21)	39.5	22.9
Short-term bank loans and overdrafts (note 21)	25.0	70.1
	226.1	**292.6**
Liabilities related to assets held for sale (note 18)	1.1	0.7
Total equity and liabilities	**454.5**	**578.2**

(1) Receivables for which title has been transferred (see note 3.2).

Notes 1 to 37 are an integral part of the 2012 consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended December 31 (in euro millions)

	2012	2011
Revenue	**524.6**	**552.1**
Cost of sales	(424.3)	(437.8)
Gross profit	**100.3**	**114.3**
Distribution costs	(54.6)	(54.8)
Administrative expenses	(34.9)	(35.0)
Research and development costs	(3.5)	(3.7)
Other operating income (note 26)	4.9	4.9
Other operating expense (note 26)	(5.2)	(2.0)
Operating profit	**7.0**	**23.7**
Finance costs and other financial expense	(15.2)	(13.4)
Financial income	5.0	3.0
Finance costs and other financial income and expense, net (note 28)	**(10.2)**	**(10.4)**
Share of profit/(loss) of associates and joint ventures	(1.2)	1.2
Pre-tax profit/(loss) for the period	**(4.4)**	**14.5**
Income tax expense (note 29)	(9.2)	(4.5)
Profit/(loss) from continuing operations	(13.6)	10.0
Profit/(loss) from discontinued operations (note 18)	(2.2)	0.5
Profit/(loss) for the period	**(15.8)**	**10.5**
Attributable to:		
Owners of the parent	(15.2)	10.5
Non-controlling interests	(0.6)	–
Earnings per share (in euros) (note 31)		
– Basic earnings per share	(0.97)	0.8
– Diluted earnings per share	(0.54)	0.5
Weighted average number of shares outstanding	13,286,618	12,906,924

Notes 1 to 37 are an integral part of the 2012 consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31 (in euro millions)

	2012	2011
Profit/(loss) for the period	**(15.8)**	**10.5**
Exchange differences on translating foreign operations	(1.9)	5.0
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	0.1
– Cumulative fair value adjustments reclassified to profit or loss	–	–
Income tax relating to components of other comprehensive income	–	–
Components of other comprehensive income/(expense) reclassifiable to profit or loss	**(1.8)**	**5.1**
Other components of comprehensive income/(expense)	(0.2)	(0.1)
Component of other comprehensive income/(expense) not reclassifiable to profit or loss	**(0.2)**	**(0.1)**
Other comprehensive income/(expense) for the period, net of tax	**(2.0)**	**5.0**
Total comprehensive income/(expense) for the period	**(17.8)**	**15.5**
Attributable to:		
Owners of the parent	(17.2)	15.0
Non-controlling interests	(0.6)	0.5

Notes 1 to 37 are an integral part of the 2012 consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31 (in euro millions)

	2012	2011
Cash flows from operating activities		
Pre-tax profit/(loss) of consolidated companies	(3.2)	13.3
Adjustments to reconcile pre-tax profit/(loss) to cash generated from operations	10.0	9.2
– Depreciation and amortization expense	*10.6*	*9.7*
– Provisions and pension and other long-term employee benefit obligations	*(3.8)*	*(1.7)*
– Impairment of non-current assets	*(2.4)*	*0.3*
– Fair value adjustments	*(0.7)*	*0.7*
– Impact of discounting	*1.2*	*1.1*
– Unrealized gains on cash flow hedges reallocated or used during the period	*0.2*	*–*
– Gains/(losses) on disposal of investments in non-consolidated cos. and other non-current assets	*4.9*	*(0.9)*
– Other adjustments	*–*	*–*
Income tax paid	(3.7)	(4.0)
Cash generated by operations	**3.1**	**18.5**
Dividends from equity-accounted companies	0.9	0.7
Change in operating working capital	23.1	(30.0)
Net cash from/(used by) operating activities	**27.1**	**(10.8)**
Cash flows from investing activities		
Purchases of intangible assets	(0.4)	(0.2)
Proceeds from sales of intangible assets	–	–
Purchases of property, plant and equipment	(5.0)	(6.3)
Proceeds from sales of property, plant and equipment	3.2	2.0
Purchases of non-current financial assets	–	(0.6)
Impact of changes in Group structure	(2.4)	–
Other movements	(1.0)	0.7
Net cash used by investing activities	**(5.6)**	**(4.4)**
Cash flows from financing activities		
Proceeds from issues of shares on conversion of bonds	0.8	0.5
(Purchases)/sales of treasury stock	–	–
Proceeds from bond issues	–	–
Proceeds from new borrowings	7.8	0.5
Conversion of bonds	(0.8)	(0.5)
Repayment of borrowings	(48.2)	–
Other movements	–	–
Dividends paid to owners of the parent	–	–
Net cash from/(used by) financing activities	**(40.4)**	**0.5**
(Decrease)/increase in cash and cash equivalents	**(18.9)**	**(14.7)**
Cash and cash equivalents at beginning of period	69.5	83.2
Cash and cash equivalents reclassified as “Assets held for sale”	–	–
Cash and cash equivalents reclassified as receivables	–	–
Effect of changes in foreign exchange rates	–	1.0
Cash and cash equivalents at period-end	**50.6**	**69.5**

Notes 1 to 37 are an integral part of the 2012 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 hedge reserve	Treasury stock	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
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
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**
Issue of share capital	0.1	0.7					0.8		0.8
Capital reduction							0.0		0.0
Dividends paid							0.0		0.0
Loss for the period			(15.2)				(15.2)	(0.6)	(15.8)
Other comprehensive income/ (expense) for the period			(0.2)	(1.9)	0.1		(2.0)		(2.0)
At December 31, 2012	**2.2**	**38.1**	**119.5**	**8.0**	**0.0**	**(1.2)**	**166.6**	**6.6**	**173.2**

Notes 1 to 37 are an integral part of the 2012 consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 — General information

In 2012, 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, 2012 were approved by the Board of Directors on March 14, 2013 and will be submitted to shareholders for approval on April 30, 2013. All amounts are expressed in millions of euros, unless otherwise specified.
The Board has decided that at the Annual General Meeting scheduled for April 30, 2013 it will recommend to shareholders that no dividend be paid for 2012.

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 2012 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_en.htm#adopted-commission).
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 the highest 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, 2012:

Adopted by the European Union
- Amendment to IFRS 7 – Disclosures: Transfers of Financial Assets.

Not yet adopted by the European Union
- Amendment to IAS 12 – Deferred Tax: Recovery of Underlying Assets.

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

Adopted by the European Union
Affecting the Group:
- IAS 19 revised – Employee Benefits;
- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income;
- Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities;
- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- IFRS 13 – Fair Value Measurement;
- IAS 27 – Separate Financial Statements;
- IAS 28 – Investments in Associates and Joint Ventures;
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities.

Not affecting the Group:
- Amendments to IFRS 1 – Severe Hyperinflation;
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine.

Not yet adopted by the European Union
Affecting the Group:
- IFRS 9 – Financial Instruments;
- Annual Improvements to IFRSs – 2009-2011 Cycle, issued on May 17, 2012;
- Transition Guidance – amendments to IFRS 10, IFRS 11 and IFRS12;
- Investment Entities – amendments to IFRS 10, IFRS 11 and IFRS12.

Not affecting the Group:
- Amendments to IFRS 1 – Government Loans.

At this stage, the Group does not expect that the application of the new standards IFRS 10, 11 and 12 and the revised versions of IAS 27 and 28 will result in any changes to its current consolidation methods.
Concerning the application of the revised version of IAS 19 (IAS 19R) in 2013, based on its initial analyses, the Group expects that its opening 2012 statement of financial position will show a €2.9-million increase in provisions for pension and other long-term benefit obligations and a corresponding €2.9-million decrease in equity.
One of the significant impacts of IAS 19R is that it eliminates the option of applying the corridor method and instead requires all actuarial gains and losses to be systematically recognized directly

in other comprehensive income and past service cost to be expensed in full. Also under IAS 19R, expected returns on plan assets have been replaced by recording net interest income in profit or loss, which is calculated using the discount rate used to measure the pension obligation.

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. Goodwill arising on a business combination is measured as the excess of (a) over (b) below:

(a) the aggregate of:

(i) the acquisition-date fair value of the consideration transferred;

(ii) the amount of any non-controlling interest in the acquiree (which can be measured either as the fair value of the Group's underlying equity interests or based on the Group's proportionate share of the fair value of the acquiree's identifiable net assets);

(iii) the fair value of any previously held equity interest in the acquiree (as remeasured at the acquisition date with any resulting gain or loss recognized in profit);

(b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

If the cost of the acquisition is less than the fair value of the Group's proportionate 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 in consolidation. 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 and joint ventures

Associates and joint ventures are all entities over which the Group exercises significant influence or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates and joint ventures are accounted for by the equity method and are initially recognized at cost. The carrying amount of investments in associates and joint ventures includes goodwill (net of any accumulated impairment losses) identified on acquisition (see note 2.7).

The Group's share of post-acquisition profits or losses of associates and joint ventures is recognized in the income statement, and its share of post-acquisition movements in equity – which have no impact on profit or loss – is recognized directly in equity. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured receivables, the Group does not recognize further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture concerned. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Non-consolidated companies

Some 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, 2012 would have been less than €2.5 million.

2.4 Operating segments

An operating segment is a group of assets and operations corresponding to a management unit. Chargeurs' senior management team – which is the Group's chief operating decision maker – has identified the three operating segments for the Chargeurs Group:

- "Protective Films", which encompasses the activities relating to the temporary protection of surfaces;
- "Interlining", which includes the technical textile operations; and
- "Wool", which comprises the wool processing activities.

The segment information reported by the Group also includes a "non-operating" segment that primarily comprises the holding companies.

The Group's segment information is based on the sectors identified above, which are the segments used in the Group's internal reporting system and reported to Chargeurs' senior management team for the purposes of making decisions about allocating resources and assessing performance.

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. The Group has three geographical segments: Europe (including its home market of France), the Americas and Asia (including the 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 as the assets' deemed cost at that date.
The cost of dismantling and removing old assets or restoring the site on which the new assets are located is included in the cost of the new assets.
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. Goodwill on acquisitions of subsidiaries is included in "Intangible assets".
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.
Goodwill arising on acquisitions of associates and joint ventures in recorded under "Investments in associates and joint ventures" and is included in the impairment tests carried out on equity-accounted companies.

(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 reporting 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) as well as to 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.

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 "Other comprehensive income" 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.
Turnover and obsolescence of inventories are analyzed by business and category of inventory in order to determine the appropriate level of impairment.

2.12 Trade and other receivables

Trade receivables are initially recognized 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 recognized 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 changes in value.
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 re-issued, 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 initially recognized 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 convertible 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 2012 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 receivables are covered by credit insurance, with the Chargeurs Group entities only retaining risks relating to foreign exchange, dilution and payment delays.
The presentation of these items in the 2012 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

During the year, the Group carried out two major divestments, as follows:

CHARGEURS WOOL URUGUAY

On September 12, 2012, Chargeurs sold to the Otegui family a 50% stake in its Uruguay-based Chargeurs Wool companies.

Terms and conditions of control

The shareholders' agreement entered into between Chargeurs and the Otegui group sets out the terms and conditions applicable to the joint control held over the divested Uruguayan entities and states that neither joint venturer may unilaterally control the business.

CHARGEURS WOOL ARGENTINA

On November 30, 2012, the Chargeurs Group sold to a local partner a 50% interest in Chargeurs Wool Argentina and its 50%-owned subsidiary Peinaduría Río de Chubut.

Terms and conditions of control

At Chargeurs Wool Argentina's Board of Directors' meeting in December 2012, a joint control arrangement was set up by changing the organization so that neither joint venturer may unilaterally control the business.

These two sales gave rise to a €1.3 million capital loss that was recognized as a financial expense (see note 28).

CONSOLIDATION METHOD

In accordance with the option available under paragraph 38 of IAS 31, the Group has elected to use the equity method to account for its remaining interests in Chargeurs Wool Uruguay and Chargeurs Wool Argentina, which is the method it uses to account for its other partnerships. This is consistent with the Group's policy of only recognizing in its statement of financial position the assets and liabilities over which it exercises exclusive control. It is also in line with the upcoming accounting changes introduced by IFRS 10, 11 and 12, which will be applicable in 2014.

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, 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)	–
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**

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
January 1, 2012	**4.7**	**17.8**	**24.8**	**6.7**	**2.9**	**56.9**
Additions(1)	–	0.1	3.1	0.6	1.9	5.7
Disposals	–	(0.7)	(0.4)	(0.1)	(0.3)	(1.5)
Changes in scope of consolidation	–	–	(2.4)	–	(0.3)	(2.7)
Depreciation	–	(2.1)	(6.0)	(1.7)	–	(9.8)
Impairment	–	–	–	(0.1)	–	(0.1)
Other(2)	(0.5)	0.1	1.4	0.4	(2.0)	(0.6)
Translation adjustment	–	(0.1)	(0.1)	–	(0.2)	(0.4)
December 31, 2012	**4.2**	**15.1**	**20.4**	**5.8**	**2.0**	**47.5**

(1) Of which €0.7 million corresponding to assets acquired under finance leases.
(2) The negative €0.6 million total recorded under this item corresponds to the Intissel building sold to Chargetex 35 and reclassified to “Assets held for sale” (see note 18).

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 2012 in accordance with paragraphs (ii) and (iii) above.

6 — Goodwill and other intangible assets

(a) Goodwill

Movements in goodwill arising on the acquisition of subsidiaries were as follows in 2012 and 2011:

(in euro millions)	Gross	Accumulated impairment losses	Net
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 year	–	–	–
December 31, 2011	**82.5**	**(15.7)**	**66.8**
January 1, 2012	**82.5**	**(15.7)**	**66.8**
– 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	(0.9)	–	(0.9)
Changes in scope of consolidation	–	–	–
Impairment losses recognized during the year	–	–	–
December 31, 2012	**81.6**	**(15.7)**	**65.9**

Chargeurs has three core businesses: Protective Films, Interlining and Wool. Both the Protective Films and Wool businesses are operated based on a worldwide structure that serves a global customer base. Consequently, they have been combined into one cash-generating unit (CGU).

The Interlining business also has a worldwide organizational structure, but it serves customers on a local basis and is therefore a standalone CGU. However, the Chargeurs Interlining CGU does not include the Group's two most recently-acquired Interlining companies, which are treated as separate CGUs: Etacol in Bangladesh, which was acquired in 2008, and Yak in China, acquired in 2006 and accounted for by the equity method.

The table below provides a breakdown of goodwill by CGU.

(in euro millions)	12/31/2012	12/31/2011
Chargeurs Protective Films	49.0	49.9
Chargeurs Interlining (excluding Yak and Etacol)	13.6	13.6
Etacol	3.3	3.3
Total	**65.9**	**66.8**

Chargeurs Protective Films goodwill is measured in US dollars and the €0.9 million decrease in its carrying amount between December 31, 2011 and 2012 was due to the dollar's depreciation against the euro over the year.

(b) Goodwill impairment tests

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

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

The uncertain economic environment has been taken into account in the CGUs' business plans, with a prudent approach adopted for revenue and earnings growth forecasts. Projections assume gradual, reasonable growth in the Group's profitability indicators over the duration of the plans, with each CGU returning in 2015 at the latest to similar profitability levels as in 2010 and 2011, when the Group emerged from the previous financial crisis.

The risks specific to certain countries are factored into the risk-free rate by calculating an average of the risk free rates, plus any required country risk premium weighted by the revenue generated in that country.

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

- 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 WACC, growth rates and/or EBIT, taking into account the probability of 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 in 2012 were as follows:

	Chargeurs Protective Films	Chargeurs Interlining (excluding Etacol & Yak)	Etacol
Average operating margin over the business plan period(1)	6.30%	5.10%	7.30%
Perpetuity growth rate(2)	1.00%	1.00%	2.00%
Discount rate	8.34%	8.28%	8.28%

(1) Operating profit/revenue, where operating profit is stated before restructuring costs and other non-recurring items.
(2) Equal to or less than the medium- to long-term growth rate for the industry as a whole. This perpetuity growth rate is only used for inflation.

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

	Chargeurs Protective Films	Chargeurs Interlining*
Risk-free interest rate	3.30%	3.30%
Market risk premium	6.00%	5.30%
Unlevered beta	87.00%	66.37%
Net debt/capital employed	22.00%	40.00%
Levered beta	103.36%	100.00%
Specific risk premium	0.00%	2.00%
Cost of equity	**9.50%**	**10.60%**
Pre-tax cost of debt	6.30%	6.30%
Tax rate	33.33%	24.00%
Post-tax cost of debt	**4.20%**	**4.79%**
WACC for 2012	**8.34%**	**8.28%**
WACC for 2011	**8.69%**	**8.35%-9.35%**

(*) Assumptions for Chargeurs Interlining's CGUs.

A 100 basis-point increase in the discount rate used to calculate the recoverable amount of goodwill, combined with a 100 basis-point reduction in operating margin (corresponding to changes in the key assumptions that management considers "reasonably possible"), would not give rise to any impairment losses for the goodwill held by any of the Group's CGUs.

Similarly, the goodwill held by the Group's CGUs would not be affected if the objectives contained in the five-year business plans were achieved a year after forecast.

(c) Other intangible assets

In 2012, no development projects satisfied the asset recognition criteria in IAS 38.

(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**

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
January 1, 2012	**0.3**	**1.7**	**2.1**	**0.7**	**4.8**
Capitalized development costs	–	–	–	–	–
Additions	0.3	–	–	0.1	0.4
Disposals	–	–	(0.4)	–	(0.4)
Changes in scope of consolidation	–	–	–	–	–
Amortization	(0.1)	(0.3)	(0.1)	(0.3)	(0.8)
Impairment	–	–	–	–	–
Transfers to "Assets held for sale"	–	–	–	–	–
Other	–	(0.2)	–	0.2	–
Translation adjustment	–	–	–	–	–
December 31, 2012	**0.5**	**1.2**	**1.6**	**0.7**	**4.0**

7 — Finance leases

The carrying amount of property, plant and equipment acquired under finance leases is as follows:

(in euro millions)	12/31/2012	12/31/2011
Land	2.2	2.9
Buildings	25.5	30.4
Plant and equipment	19.3	17.5
Fixtures, fittings and other	6.6	9.0
Gross	**53.6**	**59.8**
Depreciation	**(29.9)**	**(34.8)**
Impairment	**(9.6)**	**(9.6)**
Net	**14.1**	**15.4**

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

(in euro millions)	12/31/2012	12/31/2011
Future minimum lease payments under finance leases	18.0	16.2
Finance lease liabilities	16.9	15.4
Future finance cost	**1.1**	**0.8**

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	8.3	8.1
Due in one to five years	5.6	5.0
Due in more than five years	4.1	3.8
Total at December 31, 2012	**18.0**	**16.9**
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**

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.

During 2012, Chargeurs Interlining and Chargeurs Protective Films renewed finance leases representing an aggregate €7 million.

8 — Investments in associates and joint ventures

(a) Movements

Investments in associates and joint ventures rose to €24.6 million at December 31, 2012 from €19.6 million at the previous year-end, reflecting Chargeurs' sale of a 50% stake in the Chargeurs Wool companies in Argentina and Uruguay. The remaining 50% interest held by the Group is accounted for by the equity method.

The equity-accounted companies in Argentina include Chargeurs Wool Argentina and its subsidiary Peinaduría Río Chubut (25%-owned in 2012, compared with 50% in 2011).
The equity-accounted companies in Uruguay include Lanera Santa Maria and its subsidiary Hart Newco, as well as Lanas Trinidad.

(in euro millions)	Yak entities	CW Uruguay	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**

(in euro millions)	Yak entities	CW Uruguay	CW Argentina	Other	Total
January 1, 2012	**16.3**	**–**	**1.7**	**1.6**	**19.6**
Participation in rights issues	–	–	–	–	–
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Changes in scope of consolidation	–	6.5	(0.6)	–	5.9
Share of profit/(loss) for the period	0.1	(0.3)	(0.9)	(0.1)	(1.2)
Dividends received	(0.9)	–	–	–	(0.9)
Other(1)	–	–	2.2	–	2.2
Translation adjustment	(0.2)	(0.2)	(0.6)	–	(1.0)
December 31, 2012	**15.3**	**6.0**	**1.8**	**1.5**	**24.6**

(1) Following the sale of Chargeurs' 50% interest in CWA and its subsidiary PRC, the unused provision recognized in prior years for impairment in value of this interest was reversed and recorded in financial income.

(b) Key figures for equity-accounted companies

The key figures for equity-accounted companies, carried in the balance sheet in the amount of €24.6 million at December 31, 2012, are as follows (shown on a 100% basis):

(in euro millions)	**12/31/2012**					12/31/2011		
	Yak	CW Uruguay	CW Argentina	Other	**Total**	Yak	Other	Total
Assets	17.1	46.8	28.7	4.5	**97.1**	22.8	14.2	**37.0**
Liabilities	4.8	34.5	18.6	1.3	**59.1**	8.3	3.0	**11.3**
Revenue	2.3	12.3	7.7	5.5	**27.8**	3.6	11.9	**15.5**
Net profit/(loss)	0.2	(0.7)	(1.8)	(0.0)	**(2.3)**	2.3	0.3	**2.6**
Group share of profit/(loss)	0.1	(0.3)	(0.9)	(0.0)	**(1.2)**	1.1	0.1	**1.2**

The carrying amount of the Group's investments in associates and joint ventures includes goodwill of €9.2 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)	12/31/2012	12/31/2011
Deferred tax assets, net		
– Recoverable beyond 12 months	8.7	14.4
– Recoverable within 12 months	10.5	13.5
Deferred tax liabilities		
– Settlement beyond 12 months	(6.2)	(7.7)
– Settlement within 12 months	(1.1)	(2.4)
Total	**11.9**	**17.8**

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

(in euro millions)	12/31/2012	12/31/2011
Deferred tax assets, net		
– Deductible temporary differences	11.6	15.4
– Tax loss carryforwards and tax credits	7.6	12.5
Deferred tax liabilities		
– Taxable temporary differences	(7.3)	(10.1)
Total	**11.9**	**17.8**

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 €5.7 million at December 31, 2012, compared with €11.3 million at December 31, 2011. This year-on-year decrease reflects the impact of new French tax legislation on the updated profit forecasts in the five-year business plans prepared by the French companies.

No deferred tax assets have been recognized for a significant portion of the Group's evergreen losses (see below).

Deferred tax assets, net of deferred tax liabilities, decreased by €5.9 million in 2012.

Tax loss carryforwards were as follows at December 31, 2012:

(in euro millions)	Total	Unrecognized
Available until		
2013	0.5	0.5
2014	–	–
2015	–	–
2016	–	–
2017	6.6	6.6
Evergreen losses	405.6	377.1
Total tax loss carryforwards	**412.7**	**384.2**

10 — Investments in non-consolidated companies

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

(in euro millions)	12/31/2012	12/31/2011
Interests of over 50%:		
– Aggregate	1.2	1.5
Interests of between 20% and 50%:		
– Aggregate	0.0	0.1
Interests of less than 20%:		
– Aggregate	0.1	0.1
Total	**1.3**	**1.7**

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 €6.3 million total for this item breaks down as follows:
- Long-term loans in an amount of €1.4 million.
- Long-term deposits in an amount of €4.9 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)	12/31/2012	12/31/2011
Assets	0.8	2.2
Liabilities	(0.7)	(0.2)
Net	**0.1**	**2.0**

(in euro millions)	12/31/2012		12/31/2011	
Assets net of liabilities	Fair value	Notional	Fair value	Notional
Fair value hedges				
– Currency hedges(1)	0.1	9.8	2.1	(19.0)
Cash flow hedges				
– Currency hedges(1)	–	4.6	(0.1)	1.3
– Interest rate hedges	–	-	–	–
– Commodity hedges	–	-	–	–
Hedges of net investments in foreign operations	–		–	–
– Currency hedges(1)	–	-	–	–
Derivatives not qualifying for hedge accounting	–		–	–
– Currency derivatives(1)	–	-	–	–
– Interest rate derivatives	–	-	–	–
Derivative instruments – net asset/(liability)	**0.1**		**2.0**	

(1) 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 €9.8 million correspond to hedges of assets and liabilities and firm commitments by subsidiaries.

Cash flow hedges on a notional amount of €4.6 million 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)	12/31/2012	12/31/2011
Australian dollar	–	0.5
US dollar	16.6	0.3
Euro	(3.9)	(17.7)
Chinese yuan	1.3	–
British pound	(0.1)	(1.1)
Korean won	0.6	0.3
Total	**14.4**	**(17.7)**

Maturities of derivatives at fair value

(in euro millions)	12/31/2012	12/31/2011
Less than 6 months	(0.4)	2.0
More than 6 months	0.5	–

13 — Other non-current assets

Other non-current assets amounted to €0.8 million.

14 — Inventories and work-in-progress

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

(in euro millions)	12/31/2012	12/31/2011
Gross		
Raw materials and supplies	45.4	73.6
Finished and semi-finished goods and work-in-progress	73.1	97.3
Other	1.6	1.8
Total – gross	**120.1**	**172.7**
Provisions for impairment	(6.4)	(6.5)
Net	**113.7**	**166.2**
Increase in provisions for impairment of inventory	(2.2)	(1.8)
Reversals of provisions used	0.7	1.3
Reversals of surplus provisions	1.6	0.7

No inventories have been pledged as collateral.

15 — Trade receivables

(in euro millions)	12/31/2012	12/31/2011
Trade receivables		
Gross	51.6	62.8
Provisions for impairment	(7.6)	(9.9)
Net	**44.0**	**52.9**

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 (see note 25).

Factored receivables

At December 31, 2012, certain receivables had been sold under no-recourse agreements with factoring companies in France and abroad. These receivables are shown in Chargeurs' consolidated 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).
The amounts paid by the factoring companies for receivables totaled €52.5 million at December 31, 2012 (€62.6 million at December 31, 2011).

16 — Other receivables

(in euro millions)	12/31/2012	12/31/2011
Short-term tax receivables	0.5	1.0
Sundry receivables	27.7	41.4
Accruals	1.3	1.6
Provisions for impairment	(1.0)	(1.3)
Net	**28.5**	**42.7**

"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)	12/31/2012	12/31/2011
Marketable securities	20.6	23.2
Term deposits	1.6	10.5
Sub-total	**22.2**	**33.7**
Cash at bank	28.4	35.8
Total	**50.6**	**69.5**

At December 31, 2012, Chargeurs did not have any cash or cash equivalents unavailable for the Group.

18 — Assets held for sale

(in euro millions)	12/31/2012	12/31/2011
Assets held for sale	1.8	2.6
Liabilities related to assets held for sale	1.1	0.7

In 2012, Chargeurs finalized the plan to divest the remaining manufacturing operations of its Fabrics business in Asia. During the year, subcontracting agreements were signed to outsource production, and negotiations are now underway to sell the related business base. These operations contributed €3.5 million in revenue for the year and had a net €2.2 million negative earnings impact, which was recorded in "Profit/(loss) from discontinued operations".

Also during the year, the Group committed to a disposal plan for an asset with a carrying amount of €0.6 million, which was therefore reclassified from "Property, plant and equipment" to "Assets held for sale".

19 — Equity

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since January 1, 2011 are as follows:

Shares outstanding at January 1, 2011	**12,871,789**
Issuance of shares on conversion of bonds by bondholders	251,436
Shares outstanding at December 31, 2011	**13,123,225**
Issuance of shares on conversion of bonds by bondholders	401,688
Shares outstanding at December 31, 2012	**13,524,913**

Based on a par value of €0.16 per share, shares outstanding at December 31, 2012 represented issued capital of €2,163,986 (December 31, 2011: €2,099,716)
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 2012, 13,938 bonds were converted into shares. The aggregate par value of the shares issued on conversion was €0.1 million and the aggregate premium was €0.7 million, representing a total increase in equity of €0.8 million.

	2012	2011
Number of convertible bonds		
At beginning of period	313,629	322,687
Number of bonds converted during the period	13,938	9,058
At end of period	299,691	313,629
Number of shares issued on conversion of bonds		
At beginning of period	2,746,128	2,494,692
Shares issued on conversions for the period	376,326	244,566
Shares issued in payment of interest	25,362	6,870
At end of period	3,147,816	2,746,128
Number of shares potentially issuable between December 31, 2012 and January 1, 2016		
Minimum number of shares	1,816,127	1,900,592
Maximum number of shares	9,590,112	10,036,128
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)	**16,483,005**	**17,249,595**

(b) Treasury stock

Shares held in treasury can be analyzed as follows:

	12/31/2012		12/31/2011	
	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**

The share buyback program approved at the Annual General Meeting of February 8, 2010 expired on August 7, 2011. Inactive since that date, the liquidity contract entered into between Chargeurs SA and CA Chevreux has been terminated and all the shares have been sold.

(c) Cash flow hedge reserve

The cash flow hedge reserve had a zero balance at December 31, 2012, compared with a negative balance of €0.1 million at December 31, 2011.

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 share
2013	2.88 share
2014	3.94 share
2015	5.00 share

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 on initial recognition.
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: 8.40%.
– Fair value of the debt on the issue date: €16.8 million.
The related finance cost for 2012 was €1.1 million.

As of December 31, 2012, 13,938 bonds had been converted, leading to a €0.8-million decrease in the outstanding debt.

(in euro millions)	12/31/2011	Finance cost for the period	Conversions for the period	12/31/2012
Share capital	0.4	–	–	0.4
Share premium account (conversion premium)	5.2	–	0.8	6.0
Equity component of convertible bonds	4.6	–	–	4.6
Convertible bonds	13.3	1.1	(0.8)	13.6

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)	12/31/2012	12/31/2011
Bank borrowings	41.5	64.6
Finance lease liabilities	16.9	15.4
Total	**58.4**	**80.0**

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

(in euro millions)	12/31/2012	12/31/2011
Due in less than one year	39.5	22.9
Due in one to two years	11.3	43.5
Due in two to three years	2.0	10.5
Due in three to four years	1.0	3.0
Due in four to five years	0.8	0.1
Due in more than five years	3.8	–
Total	**58.4**	**80.0**

Borrowings by type

(in euro millions)	Notional amount 12/31/2012	Notional amount 12/31/2011	Effective interest rate 12/31/2012
Bank borrowings	58.4	80.0	4.06%
Bank overdrafts	25.0	70.1	
Total borrowings	**83.4**	**150.1**	
Cash and cash equivalents	(50.6)	(69.5)	
Net debt	**32.8**	**80.6**	

At December 31, 2012 the Group's companies, taken as a whole, had €101.6 million in available credit facilities.

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

(in euro millions)	2013	2014	2015	2016	2017	2017 and beyond
Fixed-rate borrowings	6.2	0.5	0.3	0.1	–	–
Variable-rate borrowings	33.3	10.8	1.7	0.9	0.8	3.8
Total	**39.5**	**11.3**	**2.0**	**1.0**	**0.8**	**3.8**

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates applied. At December 31, 2012, the carrying amount of borrowings originally contracted at fixed rates was €7.1 million.

The average interest rate on long-term debt was 4.06% at December 31, 2012 and 4.53% at December 31, 2011. The fixed-rate portion of these borrowings represented an average of 12.85% in 2012 (14.5% in 2011).

Long-term debt was denominated in the following currencies at December 31, 2012 and December 31, 2011:

(in euro millions)	12/31/2012	12/31/2011
Euro	56.4	75.1
US dollar	1.5	2.3
Other	0.5	2.6
Total	**58.4**	**80.0**

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, and the first repayments were made in 2012. At December 31, 2012, the overall credit facilities covered by the agreement were reduced to €39.6 million.

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. None of these covenants had been breached at December 31, 2012.

	Chargeurs Protective Films	Chargeurs Interlining
Net debt/EBITDA	< 4.8	< 5.6
Interest cover (EBITDA/finance costs)	> 4.0	> 2.5

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)	12/31/2012	12/31/2011
Post-employment benefit obligations	8.0	8.1
Post-employment healthcare plans	0.7	0.8
Other long-term employee benefit obligations	1.9	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)	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008
Present value of obligations – funded plans	21.0	19.8	18.1	16.8	18.8
Fair value of plan assets	(15.1)	(14.1)	(14.6)	(13.1)	(12.5)
Net present value of obligations – funded plans	**5.9**	**5.7**	**3.5**	**3.7**	**6.3**
Present value of obligations – unfunded plans	8.7	7.9	7.9	8.0	7.3
Unrecognized actuarial gains/(losses)	(4.0)	(3.3)	(1.9)	(1.3)	(2.3)
Unrecognized past service costs	–	0.4	0.5	0.7	0.9
Reimbursement rights	–	–	–	–	–
Net liability in the balance sheet	**10.6**	**10.7**	**10.0**	**11.1**	**12.2**

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

(in euro millions)	12/31/2012	12/31/2011
Projected benefit obligation at January 1	**19.8**	**18.1**
Service cost	0.1	0.1
Interest cost	0.9	0.9
Curtailments and settlements	(0.1)	–
Benefits paid out of plan assets	(1.3)	(1.4)
Benefits paid out of company reserves	–	–
Transfer of obligations to external parties (employee transfers)	–	–
Actuarial gains/(losses) for the period	2.0	1.4
Translation adjustment	(0.4)	0.6
Change from a funded to an unfunded obligation	–	–
Other	–	0.1
Projected benefit obligation at December 31	**21.0**	**19.8**

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

(in euro millions)	12/31/2012	12/31/2011
Fair value of plan assets at January 1	**14.1**	**14.6**
Actuarial gains/(losses) for the period	1.4	0.1
Employer contributions	1.1	1.4
Benefits paid out of plan assets	(1.3)	(1.4)
Curtailments and settlements	–	–
Translation adjustment	(0.2)	0.4
Reimbursement of a plan surplus	–	(1.0)
Fair value of plan assets at December 31	**15.1**	**14.1**

The breakdown of plan assets was as follows at December 31, 2012 and 2011:

	12/31/2012	12/31/2011
Money market funds	3%	1%
Equities	47%	45%
Bonds	40%	53%
Real estate	5%	1%
Commodities	5%	–
Total	**100%**	**100%**

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

(in euro millions)	2012	2011
Projected benefit obligation at January 1	**7.9**	**7.9**
Service cost	0.4	0.2
Interest cost	0.2	0.2
Curtailments and settlements	–	(0.1)
Benefits paid out of company reserves	(0.2)	(0.2)
Actuarial (gains)/losses for the period	0.4	(0.1)
Translation adjustment	–	(0.1)
Change from a funded to an unfunded obligation	–	–
Changes in scope of consolidation	–	–
Other	–	0.1
Projected benefit obligation at December 31	**8.7**	**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)	2012	2011
Service cost	0.8	0.4
Interest cost	1.1	1.2
Expected return on plan assets	(1.0)	(1.1)
Amortization of actuarial gains and losses	0.8	0.9
Amortization of past service cost	–	–
Reversal of surplus provisions	–	(0.1)
Net expense recognized in the income statement	**1.7**	**1.3**

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)	12/31/2012	12/31/2011
Net liability at January 1	10.7	10.0
Net expense recognized in the income statement	1.7	1.3
Benefits paid during the year	(1.5)	(1.7)
Exchange differences on foreign plans	(0.1)	0.1
Reimbursement of a plan surplus		1.0
Other	(0.2)	–
Net liability at December 31	**10.6**	**10.7**

The main actuarial assumptions at December 31, 2012 and 2011 were as follows:

	12/31/2012	12/31/2011
Europe		
Expected rate of return on plan assets(1)	3.50%	4.0%
Discount rate applied to projected benefit obligation(2)	2.75%	4.50%
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 yield on bonds issued by AA-rated companies in the eurozone.

North America		
Expected rate of return on plan assets(2)	7.75%	7.75%
Discount rate applied to projected benefit obligation(1)(2)	4.50%	5.25%

(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%.

	12/31/2012	12/31/2011
Probable retirement age	60-65	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 statement of financial position does not include short-term provisions, which are included in “Other payables”.

(in euro millions)	12/31/2012	12/31/2011
Long-term provisions	0.4	2.5
Short-term provisions	1.7	3.5
Total	**2.1**	**6.0**

Movements in provisions:

(in euro millions)	Long-term provisions	Short-term provisions	Total
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)	–
Translation adjustment	–	–	–
December 31, 2011	**2.5**	**3.5**	**6.0**
January 1, 2012	**2.5**	**3.5**	**6.0**
Additions	–	0.2	0.2
Reversals of provisions used	–	(1.0)	(1.0)
Reversals of surplus provisions	(2.1)	(0.8)	(2.9)
Other	–	(0.2)	(0.2)
Translation adjustment	–	–	–
December 31, 2012	**0.4**	**1.7**	**2.1**

(in euro millions)	12/31/2012	12/31/2011
Provisions for industrial restructuring costs	1.2	2.9
Provisions for other contingencies	0.9	3.1
Total	**2.1**	**6.0**

Cash outflows covered by provisions for other contingencies will amount to €0.5 million in 2013 and €0.4 million in subsequent years.

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

“Other payables” include short-term provisions in an amount of €0.4 million (see note 23).

Receivables sold under no-recourse agreements are shown in the statement of financial position in an amount of €52.5 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 risk

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 93.9% of revenue generated outside France. Only 53.8% of revenue is generated outside Europe and exposure to currency risk primarily concerns the US dollar and the Chinese yuan. Foreign exchange risk relates to future commercial transactions, recognized assets and liabilities denominated in foreign currencies 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 52% 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 the US dollar, and are hedged using forward contracts.

The following table presents the sensitivity of consolidated equity to foreign currency risk, based on data at December 31, 2012.

(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	0.4	0.0	(0.0)
Argentine peso	(4.1)	0.4	(0.4)
Bangladesh taka	(0.3)	0.0	(0.0)
Brazilian real	0.6	0.1	(0.1)
Canadian dollar	–	0.0	0.0
Swiss franc	0.1	0.0	(0.0)
Chilean peso	0.6	0.1	(0.1)
British pound	(0.1)	0.0	(0.0)
Hong Kong dollar	0.1	0.0	(0.0)
Czech koruna	1.4	0.1	(0.1)
Sri Lankan rupee	(0.3)	0.0	(0.0)
Mexican peso	–	0.0	0.0
Malaysian ringgit	1.1	0.1	(0.1)
New Zealand dollar	1.3	0.1	(0.1)
Chinese renminbi (yuan)	10.1	1.0	(1.0)
Singapore dollar	1.0	0.1	(0.1)
Turkish lira	(1.2)	0.1	(0.1)
US dollar	(2.2)	0.2	(0.2)
South Korean won	(0.1)	0.0	(0.0)
South African rand	(0.4)	0.0	(0.0)
Total	**8.0**	**2.5**	**(2.5)**

(ii) Interest rate risk

A 1-point increase in interest rates would have a €1.0-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 ratings 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.

The risk of non-recovery of trade receivables is reviewed at each monthly close and impairment losses are recognized for the following:

- Doubtful receivables: these correspond to receivables for which legal proceedings have been launched. Such receivables are written down in an amount representing their full value net of tax less any credit insurance settlements received.
- Past due receivables: these correspond to past due receivables that are not disputed by customers but for which the Group has not yet obtained the related settlement despite several reminders. The impairment recognized on these receivables depends on the amount of payments already received, or which are expected, and any changes in the customer's legal and financial situation.

(in euro millions)	12/31/2012	12/31/2011
Receivables not past due		
Gross	35.5	43.0
Impairment	(0.4)	(0.4)
Net	**35.1**	**42.6**
Past due receivables		
Gross	16.1	19.8
Impairment	(7.2)	(9.5)
Net	**8.9**	**10.3**
Carrying amount	**44.0**	**52.9**

Maturity of receivables past due but not written down

Less than one month past due	5.1	5.9
More than one month past due	3.8	4.4
Net	**8.9**	**10.3**

(ii) Country risk

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

At December 31, 2012, four of the five main countries in which the Group's customers are located were rated at least "A" by Standard & Poor's.

2012

Country	% of total revenue	Credit rating[(1)]
Italy	16.0%	BBB+
China and Hong Kong	14.3%	AA–
USA	13.2%	AA+
Germany	8.8%	AAA
France	6.1%	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.

(iv) 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, 2012.

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

An analysis of the Group's borrowings is provided in note 21. 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)	12/31/2012				12/31/2012			
	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	50.6	50.6	–	–	69.5	69.5	–	–
Long-term borrowings	(18.9)	–	(18.9)	–	(57.1)	–	(57.1)	–
Short-term portion of long-term borrowings	(39.5)	(39.5)	–	–	(22.9)	(22.9)	–	–
Short-term bank loans and overdrafts	(25.0)	(25.0)	–	–	(70.1)	(70.1)	–	–
Net debt	**(32.8)**	**(13.9)**	**(18.9)**	**0.0**	**(80.6)**	**(23.5)**	**(57.1)**	**0.0**
Derivative instruments – assets	0.7	0.7	–	–	2.2	2.2	–	–
Deposits	6.3	4.9	1.4	–	7.5	5	2.5	–
Derivative instruments – liabilities	(0.7)	(0.7)	–	–	(0.4)	(0.4)	–	–
Other financial assets and liabilities	**6.4**	**4.9**	**1.4**	**0.0**	**9.3**	**6.8**	**2.5**	**0.0**
Sub-total – financial assets and liabilities	**(26.4)**	**(9.0)**	**(17.5)**	**0.0**	**(71.3)**	**(16.7)**	**(54.6)**	**0.0**
Working capital								
Trade receivables	44.0	44.0	–	–	52.9	52.9	–	–
Inventories	113.7	113.7	–	–	166.2	166.2	–	–
Trade payables	(75.5)	(75.5)	–	–	(94.4)	(94.4)	–	–
Sub-total – operating assets and liabilities	**82.3**	**82.3**	**0.0**	**0.0**	**124.7**	**124.7**	**0.0**	**0.0**
Total financial and operating assets and liabilities	**55.8**	**73.3**	**(17.5)**	**0.0**	**53.4**	**108.0**	**(54.6)**	**0.0**

Receivables sold by the Group under no-recourse agreements are not included in the above table as the sales involve the transfer of title (see note 3). However, the Group has conservatively kept these receivables in the consolidated statement of financial position with a liability recognized for the amount of the cash proceeds received.

(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 64% of its available credit facilities. At December 31, 2012, all of the five main banking partners had at least an A–1 short-term rating, an A long-term rating and negative to stable outlooks.

(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

(in euro millions)	2012	2011
Exchange gains and losses	(0.5)	(0.1)
Gains and losses on disposal of non-current assets	1.3	1.0
Goodwill impairment	–	–
Restructuring costs[1]	(3.4)	0.4
Impairment of non-current assets	–	–
Reversal of surplus provisions	–	0.8
Other	2.3	0.8
Total	**(0.3)**	**2.9**

(1)The €3.4 million in costs for 2012 compares with the €6 million in non-recurring expense announced by the Group in connection with measures taken to realign the businesses and reduce fixed costs. The difference is due to the €0.3 million share of losses of associates and the €2.2 million loss from discontinued operations.

27 — Employee information

(a) Number of employees

The average number of employees of fully consolidated subsidiaries was as follows in 2012 and 2011:

	2012	2011 (adjusted)	2011 (reported)
Employees in France	531	549	541
Employees outside France	1,448	1,533	1,462
Total employees	**1,979**	**2,082**	**2,003**

(b) Payroll costs

(in euro millions)	2012	2011
Wages and salaries	58.4	58.5
Payroll taxes	17.3	16.1
Discretionary profit sharing	0.8	0.7
Total	**76.5**	**75.3**

28 — Finance costs and other financial income and expense

(in euro millions)	2012	2011
Cost of net debt		
– Finance cost	(8.2)	(9.3)
– Interest income on loans and investments	1.8	2.5
Factoring cost	(1.3)	(1.7)
Convertible bond interest cost	(1.1)	(1.1)
Fair value adjustments		
– Investments in non-consolidated companies	–	(0.7)
– Financial instruments	–	–
Exchange gains and losses on transactions in foreign currencies	–	–
Other[1]	(1.4)	(0.1)
Finance costs and other financial income and expense, net	**(10.2)**	**(10.4)**

(1) This line includes the €1.3-million capital loss that arose on the sale of 50% of Chargeurs Wool entities in Argentina and Uruguay.

29 — Income tax

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

(in euro millions)	2012	2011
Current taxes	(3.0)	(4.4)
Deferred taxes	(6.2)	(0.1)
Total	**(9.2)**	**(4.5)**

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

(in euro millions)	2012	2011
Income tax expense for the period	(9.2)	(4.5)
Standard French income tax rate	33.33%	33.33%
Tax at the standard rate	1.1	(4.5)
Difference between income tax expense for the period and tax at the standard rate	(10.3)	–
Effect of differences in foreign tax rates	0.3	0.4
Effect of permanent differences between book profit and taxable profit	(2.3)	(0.6)
Change in tax assets recognized for tax losses:		
Reversals of valuation allowances on tax loss carryforwards recognized in prior periods	–	0.3
Utilizations of tax loss carryforwards recognized in prior periods and tax losses arising and recognized during the current period	1.8	2.3
Effect of unrelieved tax losses	(3.7)	(0.9)
Valuation allowance on deferred tax assets (tax loss carryforwards)	(5.6)	(0.3)
Other	(0.8)	(1.2)

The tax asset arising from group relief in France was written down by €5.6 million during the year, reflecting the impact of new French tax legislation on the updated profit forecasts in the five-year business plans prepared by the French companies.

30 — Stock options

There were no stock options outstanding at December 31, 2012.

31 — Earnings per share

Basic earnings per share are calculated by dividing profit from continuing operations attributable to owners of the parent by the weighted average number of shares outstanding during the period. The Company reported a basic loss per share of €0.95 for 2012. As a result of the convertible bond issue, diluted earnings per share were determined by taking into account 8,637,095 potential ordinary shares at December 31, 2012 and the restatement of the interest cost on the bonds.
On this basis, the Group reported a diluted loss per share of €0.52 for 2012.

2012	Basic	Diluted
Profit/(loss) from continuing operations attributable to owners of the parent	(12,938)	(11,822)
Number of shares	13,286,618	21,923,713
Loss per share	**(0.97)**	**(0.54)**

NOTES TO ADDITIONAL INFORMATION

32 — Commitments and contingencies

32.1 Commercial commitments

At December 31, 2012, Chargeurs and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €0.3 million.

32.2 Guarantees

At December 31, 2012, Chargeurs and its subsidiaries had given guarantees for a total of €0.2 million.

32.3 Collateral

The Group had not granted any collateral at December 31, 2012.

32.4 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)	12/31/2012	12/31/2011
Due in less than one year	4.4	4.6
Due in one to five years	4.5	8.8
Due in more than five years	–	–
Total	**8.9**	**13.4**

32.5 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. The claims were initially rejected by the Employment Tribunal but in November 2010 the former employees filed a new claim against the Company on the same grounds, but for double the amount.
In the first half of 2011, new Employment Tribunal claims were lodged 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.

32.6 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.
In early February 2011, a subsidiary received a €0.84-million tax reassessment, corresponding to excise duty on energy products for the years 2007 to 2010. The Company formally contested this reassessment on April 11, 2011. No changes in the situation occurred in 2012.

32.7 Special purpose entities

Over the last few years, Chargeurs has taken steps to refocus all its resources on its core businesses. To achieve this refocusing, the Group 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.

At December 31, 2012, only Chargeurs Interlining still had an operating lease with IMLA, a special purpose entity, under which the amounts outstanding stood at €0.5 million. The final payment under this lease is due on June 14, 2013.

33 — Information by operating segment

Profits and losses by operating segment were as follows for 2012:

2012 (in euro millions)	Chargeurs Protective Films	Chargeurs Interlining(1)	Chargeurs Wool	Non-operating(1)	Inter-segment eliminations(2)	Consolidated
Revenue	**181.5**	**179.0**	**164.1**			**524.6**
Operating profit/(loss)	8.6	4.5	0.2	(4.4)	(1.9)	7.0
Finance costs and other financial income and expense, net						(10.2)
Share of profit/(loss) of associates and joint ventures						(1.2)
Pre-tax profit/(loss) for the period						**(4.4)**
Income tax expense						(9.2)
Profit/(loss) from continuing operations						**(13.6)**
Profit/(loss) from discontinued operations						**(2.2)**
Profit/(loss) for the period						**(15.8)**

(1) The operating profit of Chargeurs Interlining includes a €2.6-million subsidy granted by Chargeurs SA.
(2) Impact of the acquisition by Chargetex 35 of land and buildings from Intissel (Chargeurs Interlining).

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

2011 (in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Inter-segment eliminations	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 expense, net						(10.4)
Share of profit/(loss) of associates						1.2
Pre-tax profit/(loss) for the period						**14.5**
Income tax expense						(4.5)
Profit/(loss) from continuing operations						**10.0**
Profit/(loss) from discontinued operations						**0.5**
Profit/(loss) for the period						**10.5**

Additional information concerning 2012:

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation	(2.6)	(5.3)	(1.9)		(9.8)
Impairment losses:					
– Goodwill					–
– Property, plant and equipment		(0.1)			(0.1)
Impairment losses:					
– Inventories	(0.7)	(0.8)	(0.7)		(2.2)
– Trade receivables	0.1	2.2		0.1	2.4
Restructuring costs(1) (note 26)	(0.2)	(2.1)	(1.1)		(3.4)

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

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.

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, 2012

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets(1)	126.7	139.7	75.3	10.0	351.7
Liabilities(2)	57.7	44.2	32.9	3.5	138.3
Capital employed	**69.0**	**95.5**	**42.4**	**6.5**	**213.4**
Purchases of assets	2.2	2.0	1.4	0.1	5.7

(1) Excluding cash and cash equivalents and receivables sold to factoring companies.
(2) Excluding equity attributable to owners of the parent, bank borrowings net of cash and cash equivalents, and factoring liabilities.

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 and receivables sold to factoring companies.
(2) Excluding equity attributable to owners of the parent, bank borrowings net of cash and cash equivalents, and factoring liabilities.

34 — 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)	2012	2011
Europe	242.6	267.2
Asia-Pacific and Africa	166.7	187.1
Americas	115.3	97.8
Total	**524.6**	**552.1**

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

(in euro millions)	2012	2011
Italy	84.1	104.8
China and Hong Kong	75.2	90.3
United States	69.3	52.8
Germany	46.1	47.0
France	32.0	33.0

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

Assets by geographical segment

(in euro millions)	2012	2011
Europe	218.3	253.4
Asia-Pacific and Africa	128.0	139.9
Americas	108.2	184.9
Total	**454.5**	**578.2**

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

Purchases of assets

(in euro millions)	2012	2011
Europe	4.1	3.6
Asia-Pacific and Africa	0.7	1.5
Americas	1.4	1.2

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

35 — Main consolidated companies

At December 31, 2012, 69 companies were fully consolidated (unchanged from 2011) and 9 were accounted for by the equity method (5 in 2011).

Chargeurs	**Parent company**
A – Main fully consolidated companies	
Chargeurs Deutschland GmbH	
Chargeurs Textiles SAS	
Leipziger Wollkämmerei AG	
Protective Films business	
Chargeurs Protective Films SA	**Holding company for the business**
France	Novacel SA and subsidiaries – Germany – Belgium – Spain – United Kingdom
Italy	Boston Tapes SpA – Boston Tapes Commercial Srl – Novacel Italia Srl
North America	Chargeurs Protective Films Inc. – Novacel Inc.
Interlining business	
Chargeurs Entoilage SA	**Holding company for the business**
France	Lainière de Picardie BC SAS – Intissel SAS – DHJ International SAS
Italy	Chargeurs Interfodere Italia SpA
Germany	Lainière de Picardie Deutschland GmbH
United Kingdom	Lainière de Picardie (UK) Limited
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 – C.I. Guangzhou – DHJ Interlining Limited – Ningbo Chargeurs Yak Textile Trading Co. Ltd – Etacol Bangladesh Ltd
Wool business	
Chargeurs Wool Holding GmbH	**Holding company for the business**
France	Chargeurs Wool (Eurasia) SAS
Italy	Chargeurs Wool Sales (Europe) Srl
South Africa	Chargeurs Wool (South Africa) (Pty) Ltd
Australia	Chargeurs Wool Pty – Yangtse (Australia) Pty Ltd
New Zealand	Chargeurs Wool (NZ) Limited
United States	Chargeurs Wool (USA) Inc.
China	Zhangjiagang Yangtse Wool Combing Co. Ltd
B – Main 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 SA (50%)	
Lanas Trinidad SA (50%)	
Chargeurs Wool (Argentina) SA (50%)	
Peinaduría Río Chubut SA (25%), subsidiary of Chargeurs Wool (Argentina) SA	

Percentages indicate Chargeurs' percentage of control at December 31, 2012 for companies that are not almost or entirely wholly owned by the Group.

36 — Related party transactions

Transactions with equity-accounted companies

In 2012, the main transactions with companies accounted for by the equity method 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 €14.5 million.
- Purchases from Lanas Trinidad and Chargeurs Wool Argentina. These transactions were recognized by Chargeurs Wool under cost of sales in an amount of €5.2 million.

Compensation paid to directors and officers

In euros	2012	2011
Compensation paid to directors	**40,000**	**40,000**
Compensation paid to officers	**1,113,462**	**942,763**
Short-term benefits	1,153,462	982,763
Post-employment benefits	–	–
Other long-term benefits	–	–
Termination benefits	–	–
Share-based compensation	–	–
Total	**1,153,462**	**982,763**

37 — Subsequent events

No significant event occurred between December 31, 2012 and the date on which these financial statements were issued.

STATUTORY AUDITORS REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Year ended December 31, 2012)

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, 2012, 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, 2012 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 (*Code de Commerce*) 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, April 2, 2013

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, 2012)

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, 2012.

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 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.

Neuilly-sur-Seine and Paris, April 2, 2013

The Statutory Auditors

S & W Associés
Maryse Le Goff

PricewaterhouseCoopers Audit
Gérard Morin

financial statements Parent company Chargeurs

BALANCE SHEET

Years ended December 31, 2012 and 2011 (in euro thousands)

Assets

	2012			2011
	Gross	Accumulated depreciation, amortization and provisions	Net	Net
Fixed assets				
Intangible assets				
Patents, licenses, trademarks, processes	5	3	2	2
Property, plant and equipment				
Land	–	–	–	–
Buildings	–	–	–	–
Other	128	26	102	34
Assets under construction	–	–	–	–
Advances and prepayments	–	–	–	–
Investments and other non-current assets (1)				
Shares in subsidiaries and affiliates	472,678	184,948	287,730	291,292
Loans to subsidiaries and affiliates	1,526	1,525	1	–
Other long-term investments	1,314	927	387	479
Other long-term loans	6	6	–	–
Other	520	–	520	429
Total I	**476,177**	**187,435**	**288,742**	**292,236**
Current assets				
Prepayments to suppliers	5	–	5	1
Trade receivables (2)	131	–	131	1,032
Other receivables (2)	3,970	–	3,970	2,128
Marketable securities	7,591	–	7,591	7,784
Cash at bank and in hand	201	–	201	679
Accruals and other assets	–	–	–	–
Prepaid expenses (2)	84	–	84	100
Total II	**11,982**	**–**	**11,982**	**11,724**
Deferred charges	–	–	–	–
Total III	**–**	**–**	**–**	**–**
Unrealized translation losses	–	–	–	–
Total IV	**–**	**–**	**–**	**–**
Total assets (I + II + III + IV)	**488,159**	**187,435**	**300,724**	**303,960**
(1) Due within one year (gross)	3,359			3,269
(2) Due beyond one year (gross)	–		–	–

Equity and liabilities (in euro thousands)

	2012	2011
Equity		
Share capital	2,164	2,100
Share premium account	38,114	37,411
Revaluation reserve	–	–
Reserves:		
– Legal reserve	400	400
– Untaxed reserves	–	–
– Other reserves	240,052	231,298
Retained earnings	–	–
Profit/(loss) for the year	(4,449)	8,754
Untaxed provisions		
Total I	**276,281**	**279,963**
Provisions for contingencies and charges		
Provisions for contingencies	396	1,214
Provisions for charges	–	–
Total II	**396**	**1,214**
Liabilities (1)		
Convertible bonds	16,483	17,250
Other bonds	15	15
Bank borrowings (2)	–	–
Other borrowings	5,189	3,189
Trade payables	106	41
Accrued taxes and payroll costs	482	672
Due to suppliers of fixed assets	–	–
Other payables	1,757	1,601
Accruals and other liabilities (1)		
Deferred income	15	15
Total III	**24,047**	**22,783**
Unrealized translation gains	–	–
Total IV	**–**	**–**
Total equity and liabilities (I + II + III + IV)	**300,724**	**303,960**
(1) Due beyond one year	16,483	17,250
Due within one year	7,564	5,533
(2) Including short-term bank loans and overdrafts	–	–

INCOME STATEMENT

Years ended December 31, 2012 and 2011 (in euro thousands)

	2012	2011
Operating revenues [1]	**815**	**927**
Operating expenses [3]		
Purchases of goods and external charges	(1,433)	(1,715)
Taxes other than on income	(157)	(109)
Salaries and wages	(951)	(1,155)
Payroll taxes	(302)	(259)
Amortization, depreciation and provisions:		
– Amortization and depreciation of fixed assets	(1)	(1)
– Provisions for contingencies and charges	–	–
Other	(40)	(45)
Operating profit/(loss)	**(2,069)**	**(2,357)**
Financial income [1]		
From investments [2]:		
– Shares in subsidiaries and affiliates	2,166	221
– Loans to subsidiaries and affiliates	–	–
From other marketable securities and investments [2]	–	4
Other interest income [2]	1,269	1,053
Provision reversals and expense transfers	137	13,542
Foreign exchange gains	–	1
Income from disposals of marketable securities	5	5
	3,577	**14,826**
Financial expense [3]		
Amortization and provisions	(4,985)	(9,565)
Interest expense [4]	(16)	(226)
Other financial expenses	(650)	–
Foreign exchange losses	–	(2)
Losses on disposals of marketable securities	–	–
	(5,651)	**(9,793)**
Net financial income/(expense)	**(2,074)**	**5,033**
Profit/(loss) before tax and non-recurring items	**(4,143)**	**2,676**
Non-recurring income [1]		
From revenue transactions	6	125
From capital transactions:		
– Proceeds from sales of property, plant and equipment	–	15,377
– Other	–	–
Provision reversals and expense transfers	849	12,990
	855	**28,492**
Non-recurring expense		
On revenue transactions	(2,672)	(1)
On capital transactions:		
– Carrying amount of assets sold	–	(23,060)
– Other	–	–
Amortization and provisions		
– Untaxed provisions	–	–
– Other provisions	–	–
	(2,672)	**(23,061)**
Net non-recurring income/(expense)	**(1,817)**	**5,431**
Profit/(loss) before tax	**(5,960)**	**8,107**
Income tax benefit	**1,511**	**647**
Profit/(loss) for the year	**(4,449)**	**8,754**
(1) Of which income related to prior years	–	125
(2) Of which income from related companies	3,336	224
(3) Of which expenses related to prior years	–	–
(4) Of which interest expense paid to related companies	14	217

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, these investments 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

	12/31/2011	Internal transfers	Acquisitions /transfers	Disposals /decreases	12/31/2012
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)	472	–	1	–	473
Loans to subsidiaries and affiliates	2	–	–	–	2
Other long-term loans	–	–	–	–	–
Other long-term investments (2)	1	–	–	–	1
Other	–	–	–	–	–
Total	**475**	**–**	**1**	**–**	**476**

(1) The increase in "Shares in subsidiaries and affiliates" reflects 1.2 million worth of shares purchased by the Company as part of a capital increase carried out by Chargetex 35.
(2) 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, 2012.
- 103,000 Chargeurs shares held under a liquidity contract with CA Cheuvreux, 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.

	12/31/2011	Charges for the year	Reversals for the year (used)	Reversals for the year (unused)	12/31/2012
Provisions for contingencies	1	–	–	(1)	–
Provisions for charges	–	–	–	–	–
Total	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

	12/31/2011	Charges for the year	Reversals for the year	12/31/2012
Impairment of investments	182	5	–	187
Impairment of other receivables				
Total	**182**	**5**	**0**	**187**
Of which movements included in operating income and expense		–	–	
Of which movements included in financial income and expense		5	–	
Of which movements included in non-recurring income and expense		–	–	

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. No such reversals were recorded in 2012.
Receivables are measured at their nominal value and written down based on the recovery risk as assessed at year-end.

4 — Maturities of receivables and payables

Total loans and receivables, before impairment, amounted to €5.6 million at December 31, 2012, breaking down as follows:
- Loans to subsidiaries and affiliates (€1.5 million).
- Trade receivables (€0.1 million).
- Other receivables (€4 million).

Maturities of loans and receivables are as follows:

Due within one year	4.1
Due beyond one year	1.5
Total	**5.6**

Maturities of debt and other payables are as follows:

Due within one year	7.5
Due in one to five years	16.5
Total	**24.0**

The total includes a €16.5 million convertible bond issue, €5.2 million in other debt and €2.3 million in other payables.
Debt due beyond one year consists of the convertible bond issue.

5 — Items recorded under several balance sheet headings

	Gross amounts concerning	
	Related companies	Other investments
Shares in subsidiaries and affiliates and other long-term investments	466.4	6.3
Receivables	2.2	–
Debt and other payables	1.9	–

6 — Breakdown of accrued income

At December 31, 2012, accrued income amounted to €1.9 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, 2012 and primarily consisted of professional fees, service costs and various payroll costs.

8 — Marketable securities

At December 31, 2012, marketable securities amounted to €7.6 million and mainly comprised money market mutual fund units and time deposits.

9. — Equity

9.1 Changes in equity

At January 1, 2012 (before appropriation)	271.2
2011 profit appropriated by decision of the AGM on May 3, 2012	8.8
At January 1, 2012 (after appropriation)	**280.0**
Loss for the year	(4.4)
Issuance of shares on conversion of bonds by bondholders	0.7
At December 31, 2012 (before appropriation)	**276.3**

9.2 Changes in share capital

	Number of shares	Par value
Shares outstanding at January 1, 2012	13,123,225	0.16 euro
Issuance of shares on conversion of bonds by bondholders	401,688	0.16 euro
Shares outstanding at December 31, 2012	13,524,913	0.16 euro

9.3 Share premium account and reserves at December 31, 2012

These items break down as follows:

Issue and demerger premiums	38.1
Legal reserve	0.4
Other reserves	75.7
Restricted reserve (capital reduction)	164.4
Total	**278.6**

10 — Double voting rights

Chargeurs' bylaws provide that registered shares held in the name of the same shareholder for more than two years carry double voting rights. Consequently, and 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, 2012, 278,909 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 shown 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 2012, 13,938 bonds were converted into shares. The aggregate par value of the shares issued on conversion was €0.06 million and the aggregate premium was €0.70 million, giving a total of €0.76 million.

	2012	2011
Number of convertible bonds		
– At beginning of period	313,629	322,687
– Conversions for the period	13,938	9,058
– At end of period	299,691	313,629
Number of shares issued on conversion of bonds		
– At beginning of period	2,746,128	2,494,692
– Shares issued on conversions for the period	376,326	244,566
– Shares issued in payment of intere	25,362	6,870
– At end of period	3,147,816	2,746,128
Number of shares potentially issuable between Dec. 31, 2012 and Jan. 1, 2016		
– Minimum number of shares	1,816,127	1,900,592
– Maximum number of shares	9,590,112	10,036,128
Aggregate face value of the bonds (in euros)	**22,829,565**	**22,829,565**
Maximum amount redeemable at maturity (bonds outstanding at Dec. 31, 2015) (in euros)	**16,483,005**	**17,249,595**

12 — Other borrowings

Other borrowings, totaling €5.2 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 — Financial result

13.1 Amortization and provisions

Additions	
– Provisions for Chargeurs Textiles shares	2.9
– Provisions for Chargetex 34 shares	1.8
– Provisions for Chargeurs shares	0.1
Total	**4.8**

Reversals	
–	–
Total	**–**

13.2 Other financial expenses

Chargeurs SA has granted a €0.7 million financial subsidy to Chargeurs Interlining.

14 — Non-recurring income and expense

	Non-recurring expense	Non-recurring income
Subsidy granted to Chargeurs Interlining	(2.6)	–
Addition to provision for repayment of tax benefits to subsidiaries in the event of a return to profit	–	0.8
Total	**(2.6)**	**0.8**

15. — Income tax

15.1 Analysis of income tax

	2012	2011
Tax on recurring profit	–	–
Tax on non-recurring items	–	–
Group relief	1.5	0.6
Other	–	–
Income tax benefit	**1.5**	**0.6**

15.2 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.

15.3 In 2012, the provision for repayment of tax benefits to subsidiaries was decreased by €0.8 million in line with the Company's forecasts for subsidiaries that are expected to return to profit in 2013. At the year-end the total amount of this provision stood at €0.4 million.

15.4 The setting off of losses reported by certain subsidiaries against the taxable profits of other subsidiaries resulted in a tax saving of €1.5 million, representing a cash flow benefit.

16 — Commitments given, guarantees and sureties

Year ended December 31, 2012	
Guarantees and sureties concern:	
– Subsidiaries and related companies	91.4
– Other	0.2

17 — Unrecognized deferred taxes

At December 31, 2012, under French group relief rules, Chargeurs had evergreen tax loss carry-forwards of €222.2 million.
Timing differences between book income and expenses and income and expense for tax purposes were not material in 2012.

18 — Management compensation

Compensation paid to Directors and Officers in 2012 amounted to €40,000 and €1,113,462 respectively.

19 — Employee benefit obligations

(a) Retirement benefits

The Company's retirement benefit obligations were measured at December 31, 2012 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, 2012.

20 — Fees paid to the Statutory Auditors

Chargeurs paid €296 thousand in fees to the Statutory Auditors in 2012 (disclosure made in application of French Decree 2008-1487 of December 30, 2008).

21 — Stock options

There were no employee stock option plans at December 31, 2012.

22 — 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. The claims were initially rejected by the Employment Tribunal but in November 2010, the former employees filed a new claim against the Company on the same grounds, but for double the amount. In the first half of 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, 2012 (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	21,512	100.00
Chargeurs Protective Films	139,617	6,308	100.00
Chargeurs Interlining	4,961	50,112	99.99
Chargetex 34	6,077	(6,116)	100.00
Chargetex 35	1,337	(86)	100.00
2. Affiliates			
(10% to 50%-owned by Chargeurs)			
Other companies	NC	NC	37.50
B. Aggregate information concerning other subsidiaries and affiliates			
1. Subsidiaries not listed in A			
French companies	150	213	–
Foreign companies	100	576	–
2. Affiliates not listed in A			
French companies	–	–	–
Foreign companies	296	1,113	–

Cost of investment	Carrying amount of investment	Outstanding loans and advances granted by Chargeurs	Guarantees given by Chargeurs	2012 revenue (1)	2012 profit/(loss)	Gross dividends received by Chargeurs during 2012
69,480	52,798	–	–	–	(467)	1,658
286,266	143,900	–	–	–	–	458
102,471	88,962	–	23,849	–	3,189	–
6,077	56	–	–	–	(1,858)	–
1,337	1,321	–	–	–	(24)	–
6,296	0	1,524	–	–	–	–
76	18	–	–	–	178	50
2	2	–	–	–	(5)	–
–	–	–	–	–	–	–
671	671	–	2,867	44,866	6	–

(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)

	2012	2011	2010	2009	2008
I – Capital at December 31					
Share capital	2,163,986	2,099,716	2,059,486	166,033,552	166,033,552
Number of shares	13,524,913	13,123,225	12,871,789	10,377,097	10,377,097
Number of convertible bonds	299,691	313,629	322,687	–	–
II – Results of operations					
Operating revenues, investment income, interest income and other revenues, net of tax	4,256,044	2,210,555	1,731,778	3,867,432	16,035,306
Profit/(loss) before tax, amortization, depreciation and provisions	(1,947,980)	(8,859,541)	(5,640,458)	(18,560,749)	11,573,410
Income tax	1,511,100	646,607	235,599	299,535	895,326
Net profit/(loss)	(4,448,797)	8,753,732	19,400,096	(52,087,120)	(84,531,656)
Total dividends	–	–	–	–	–
III – Per share data					
Earnings/(loss) per share after tax, before amortization, depreciation and provisions	(0,03)	(0,63)	(0,42)	(1,76)	1,20
Earnings/(loss) per share	(0,33)	0,67	1,51	(5,02)	(8,15)
Dividend per share	–	–	–	–	–
IV – Employee data					
Number of employees	2	2	2	3	3
Total payroll (in euro thousands)	940	772	686	659	763
Total benefits (in euro thousands)	302	259	211	206	223

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(Year ended December 31, 2012)

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, 2012, 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, 2012 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 and holders of voting rights are disclosed in the management report of the Board of Directors.

Neuilly-sur-Seine and Paris, April 2, 2013

The Statutory Auditors

S & W Associés	PricewaterhouseCoopers Audit
Maryse Le Goff	Gérard Morin

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

(Year ended December 31, 2012)

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 or that we may have identified as part of our engagement, 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

In application of article R. 225-38 of the French Commercial Code, we were informed of the following agreements or commitments authorized by the Board of Directors.

Grant from Chargeurs SA to Chargeurs Entoilage (a wholly-owned subsidiary)

Person concerned: Martine Odillard, director of Chargeurs and permanent representative of Chargeurs on the Board of Directors of Chargeurs Entoilage.

On December 6, 2012, the Board of Directors authorized the Chairman and Chief Executive Officer, Eduardo Malone, to sign for and on behalf of Chargeurs a grant agreement with Chargeurs Entoilage.
Under this agreement signed on December 17, 2012, Chargeurs gave Chargeurs Entoilage an operating grant of €2,650,000 and a financial grant of €650,000.

These grants were made unconditionally.

Agreements and commitments entered into in prior years that remained in force in 2012

In application of article R. 225-30 of 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 (an indirectly wholly-owned subsidiary)

Person concerned: Martine Odillard, director of Chargeurs and legal manager of 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 2012, Chargeurs Boissy paid Chargeurs the sum of €700,000 (excluding VAT) pursuant to the addendum.

Neuilly-sur-Seine and Paris, April 2, 2013

The Statutory Auditors

S & W Associés	PricewaterhouseCoopers Audit
Maryse Le Goff	Gérard Morin

annual general meeting of april 30, 2013

REPORT OF THE BOARD OF DIRECTORS
on the resolutions presented at the Annual General Meeting of April 30, 2013

Ordinary resolutions

First and second resolutions

(Approval of the parent company and consolidated financial statements for the year ended December 31, 2012)

The purpose of these two resolutions is for shareholders to approve the parent company and consolidated financial statements for the year ended December 31, 2012 as presented.

Third resolution

(Approval of agreements governed by article L.225-38 of the French Commercial Code)

The Board of Directors recommends that you approve the conclusions of the Statutory Auditors' special report on regulated agreements and commitments for the year ended December 31, 2012, as well as the agreements described therein.

Fourth resolution

(Appropriation of results)

The Board of Directors proposes that the loss for 2012 in the amount of €4,448,797.20 be allocated to "Other reserves," thus reducing the balance of this account from €75,678,567.32 to €71,229,770.12.

Fifth resolution

(Re-election of Jérôme Seydoux as a Director)

Jérôme Seydoux's term as Director expires at the close of this Meeting and shareholders are therefore invited to re-elect him for a further three-year term.

Sixth resolution

(Re-election of Georges Ralli as a Director)

Georges Ralli's term of office expires at the close of this Meeting and shareholders are therefore invited to re-elect him for a further three-year term.

Seventh resolution

(Acknowledgement that Salim Meir Ibrahim is standing down from the Board)

Salim Meir Ibrahim's term of office expires at the close of this Meeting and he is not eligible for re-election under the bylaws concerning the age limit for holding office as a Director.

Eighth 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.

Extraordinary resolutions

Ninth resolution

(Employee share issue)

This resolution is submitted in compliance with article L. 225-129-6, paragraph 2 of the French Commercial Code, which stipulates that every three years shareholders must vote on a proposed extraordinary resolution authorizing the Company to issue shares to employees who are members of an employee stock ownership plan. The Board of Directors is therefore seeking a 26-month authorization to increase the Company's share capital on one or several occasions by up to €1 million, according to the terms and conditions described in the proposed resolution.

However, the Board of Directors does not recommend voting in favor of this extraordinary resolution, which has only been submitted in compliance with applicable legislation.

Tenth resolution

(Ratification of the transfer of the head office and corresponding change in article 3 of the bylaws)

The Board of Directors recommends that you ratify its decision to transfer the Company's head office to the premises located 112, avenue Kléber, 75116 Paris, and to consequently amend, effective at the close of this Annual General Meeting, the wording of the second paragraph of article 3 of the bylaws as follows:

"The Company's head office is located at 112, avenue Kléber, 75016 Paris."

Eleventh 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, 2012)

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, 2012, as presented, showing a loss for the year of €4,448,797.20, 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, 2012.

Second resolution

(Approval of the consolidated financial statements for the year ended December 31, 2012)

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, 2012, as presented, showing a loss for the year of €15.2 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)

Having considered the Statutory Auditors' special report, the Annual General Meeting approves this report and all the agreements governed by Article L.225-38 of the French Commercial Code (Code de Commerce) referred to therein.

Fourth resolution

(Appropriation of results)

The Annual General Meeting, having noted that the loss for the year amounted to €4,448,797.20, resolves to appropriate the entire loss to "Other reserves", thus reducing the balance of this account from €75,678,567.32 to €71,229,770.12.

The Annual General Meeting resolves that no dividend will be paid in respect of 2012.

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, 2011	—
December 31, 2010	—
December 31, 2009	—

Fifth resolution

(Re-election of Jérôme Seydoux as a Director)

Having noted that Jérôme Seydoux's term as Director expires at the close of this Meeting, the Annual General Meeting resolves to re-elect Mr Seydoux as a Director for a three-year term expiring at the close of the Annual General meeting to be held in 2016 to approve the 2015 financial statements.

Sixth resolution

(Re-election of Georges Ralli as a Director)

Having noted that Georges Ralli's term as Director expires at the close of this Meeting, the Annual General Meeting resolves to re-elect Mr Ralli as a Director for a three-year term expiring at the close of the Annual General meeting to be held in 2016 to approve the 2015 financial statements.

Seventh resolution

(Acknowledgement that Salim Meir Ibrahim is standing down from the Board)

Having noted that Salim Meir Ibrahim's term as Director expires today, the Annual General Meeting acknowledges that he has stood down from the Board.

Eighth 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.

EXTRAORDINARY RESOLUTIONS

Ninth resolution

(Employee share issue)

The Annual General Meeting, having heard the report of the Board of Directors and the Staturary Auditors' special report, resolves, in accordance with articles L. 225-129-2, L. 225-129-6, paragraph 2, and L. 225-138-1 of the French Commercial Code and articles L. 3332-18 et seq. of the Labor Code:

1. To give to the Board of Directors, or any person designated by the Board in compliance with the applicable laws and regulations, full discretionary powers to carry out one or more employee share issues in France or abroad, for amounts and on dates to be decided by the Board. The shares will be offered to employees of the Company and/or related companies, within the meaning of article L. 225-180 of the French Commercial Code and articles L. 3344-1 and 3344-2 of the Labor Code, who are members of an employee stock ownership plan, for subscription either directly or through a corporate mutual fund.

2. To waive shareholders' pre-emptive subscription rights, in favor of said employee stock ownership plan members, as well as all rights to any free shares that may be granted pursuant to this resolution.

3. That the beneficiaries of the share issues authorized in this resolution shall be members of an employee stock ownership plan set up by the Company or related companies, within the meaning of article L. 225-180 of the French Commercial Code and article L. 3332-18 of the Labor Code, who fulfill any eligibility criteria that may be decided by the Board of Directors.

4. That the aggregate par value of the shares issued pursuant to this authorization shall not exceed €1 million not including any adjustments that may be made in accordance with applicable legal, regulatory or contractual provisions to protect the rights of holders of share equivalents.

5. That the price of the shares issued pursuant to this authorization shall be set in accordance with article L. 3332-18 of the Labor Code, such that the discount on the average price quoted for the shares over the twenty trading days preceding the date when the opening date of the subscription period is decided will not exceed 20%. However, when this authorization is used, the Board of Directors may reduce the discount on a case-by-case basis in response to tax, accounting or employment law restrictions applicable in any of the countries in which a participating Group company has its headquarters. The Board of Directors may also decide to grant free shares to participants in place of the discount and/or as the employer's matching contribution.

6. That the Board of Directors, or any person designated by the Board in compliance with the applicable laws and regulations, shall have full powers to use this authorization, within the limits and subject to the conditions specified below, and to:

- Prepare the list of companies whose current and former employees will be given the opportunity to participate in the issue, directly or through a corporate mutual fund, set the minimum service period and other eligibility criteria.
- Set the amount of each issue, the issue price and dates, the subscription period, the terms and the process for the subscription, payment and delivery of the shares, and the retrospective or future date from which the new shares will have dividend and voting rights.
- Decide, in accordance with article L. 3332-18 of the French Labor Code, to grant free shares – which may be either issued for this purpose or allocated out of treasury stock – in settlement of the employer's matching payment and/or in place of the discount, provided that the financial benefit for the beneficiary, measured as the issue price, does not exceed the limits specified in articles L. 3332-18 and L. 3332-11 et seq. of the Labor Code.
- Set the period granted to participants to pay for their shares.
- Place on record or have placed on record the capital increase equal to the aggregate par value of the subscribed shares.
- At the Board's initiative, charge the costs of the share issue or issues against the related premium and deduct from the premium the amount required to increase the legal reserve to one-tenth of the new capital after each issue.
- Generally, take any and all measures and carry out any and all formalities related to the issue and the listing of the shares to be issued pursuant to this authorization.

7. That this authorization supersedes, with immediate effect, the unused portion of any earlier authorization given to the Board of Directors to increase the Company's capital by issuing shares or securities carrying rights to shares for subscription by members of an employee stock ownership plan, without pre-emptive subscription rights for existing shareholders. This authorization is given for a period of twenty-six months from the date of this Annual General Meeting.

Tenth resolution

(Ratification of the transfer of the head office and corresponding amendment to article 3 of the bylaws)

The Annual General Meeting, having heard the report of the Board of Directors, ratifies the Board's decision to transfer the Company's head office to the premises located 112, avenue Kléber, 75116 Paris, and consequently resolves, effective at the close of this Annual General Meeting, to amend the wording of the second paragraph of article 3 of the bylaws as follows:

"The Company's head office is located at 112, avenue Kléber, 75016 Paris."

Eleventh 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.

STATUTORY AUDITORS' REPORT ON EMPLOYEE SHARE ISSUES

Combined Annual and Extraordinary Shareholders' Meeting of April 30, 2013
(Ninth resolution)

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. 225-135 *et seq.* of the French Commercial Code, we hereby report to you on the authorization sought by the Board of Directors to issue up to €1 million worth of ordinary shares, to be offered, without pre-emptive subscription rights for existing shareholders, to employees of the Company and/or related companies within the meaning of article L. 225-180 of the French Commercial Code and articles L. 3344.1 and L. 3344.2 of the French Labor Code *(Code du Travail)*.

This proposed authorization is being submitted for shareholder approval in application of articles L. 225-129-6 of the French Commercial Code and article L. 3332-18 *et seq.* of the French Labor Code.

Based on its report, the Board of Directors is seeking a twenty-six-month authorization to carry out such employee share issues – which would entail the waiver of shareholders' pre-emptive subscription rights – and to set the final terms and conditions thereof.

It is the responsibility of the Board of Directors to prepare a report in accordance with articles R. 225-113 and R. 225-114 of the French Commercial Code. Our responsibility is to express an opinion on the fairness of the financial information taken from the financial statements, the proposed waiver of the pre-emptive subscription rights and certain other information related to the issue(s) given in the Board's report.

We have performed our procedures in accordance with professional guidelines applicable in France. These procedures consisted in verifying the information given in the Board of Directors' report concerning the proposed issue(s) and the procedure for determining the price of the shares to be issued.

Pending our review of the final terms and conditions of the proposed share issue(s), we have no observations to make on the method to be used to determine the issue price of the ordinary shares, as described in the Board of Directors' report.

As the final terms and conditions of the issue(s) have not yet been set, we are not in a position to express an opinion thereon, nor, consequently, on the proposed waiver of shareholders' pre-emptive rights.

In accordance with article R. 225-116 of the French Commercial Code, we will prepare a further report if and when the Board of Directors uses this authorization to carry out any employee share issue(s).

Paris and Neuilly-sur-Seine, April 2, 2013

The Statutory Auditors

S & W Associés
Maryse Le Goff

PricewaterhouseCoopers Audit
Gérard Morin

EXECUTIVE COMMITTEE

Eduardo MALONE
Chairman and Chief Executive Officer

Martine ODILLARD
Chief Operating Officer

Laurent DEROLEZ
Managing Director Chargeurs Protective Films

Federico PAULLIER
Managing Director Chargeurs Wool

Stéphane RIGAUT
Managing Director Chargeurs Interlining

March 2013

BOARD OF DIRECTORS

Eduardo MALONE
Chairman and Chief Executive Officer and Director
Current term started: 2012
Current term expires: 2015

Directorships and other positions held in other companies:
Chairman and Chief Executive Officer: Sofi Emy SAS
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, Lainière de Picardie (UK) Ltd (UK)
Member: Paris Diocesan Council

Directorships and other positions held in 2012 that have expired:
Director: Compagnie Deutsch (France)

Martine ODILLARD
Director and Chief Operating Officer
Current term started: 2011
Current term expires: 2014

Directorships and other positions held in other companies:
Chairman: Chargeurs Wool (Eurasia) SAS, Chargeurs Textiles SAS
Legal Manager: Chargeurs Boissy SARL
Director: Lanas Trinidad SA (Uruguay), CMI (Chargeurs Management International)
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 2012 that have expired:
Member: Fondation Jérôme Seydoux – Pathé

Salim Meir IBRAHIM
Director
Current term started: 2010
End of term: 2013

Giuseppe PIROLA
Director
Current term started: 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), Banca Popolare Commercio e Industria (since June 18, 2012), Coop-Lease SpA, Gest Auto SpA, Terme di Saturnia Srl

Lead Auditor: ABB SpA, Aliaxis Holding Italia SpA, Bioase Srl (since July 10, 2012), Dell'Orto SpA, Ecodeco Srl, Fineurop SpA, Gruppo Cordenons SpA, OMR Holding SpA (Officine Meccaniche Rezzatesi), Partenope Ambiante SpA, Redi HT Srl, Redi SpA, Rhodia Italia SpA, Rovagnati SpA.

Directorships and other positions held in 2012 that have expired:
Director: Auto Centauro de la Vallee Srl, Hedge Invest Sgr, Idea Uno SpA, Idea Due SpA, Premium Car Rent Srl, Riso Gallo SpA

Lead Auditor: Bluestar Silicones Italia SpA, Borgo del Sole SpA, Fin. Borgo SpA, Glynwed Srl, Prosciuttificio Rovagnati Srl, Sibelco Italia SpA
Auditor: Gruppo Industriale Tosoni SpA

Georges RALLI

Director
Current term started: 2010
Current term expires: 2013

Directorships and other positions held in other companies:
Director: SILIC SA, Carrefour SA
Permanent representative: Groupama SA on the Board of Directors Veolia Environnement SA

Directorships and other positions held in 2012 that have expired:
Chairman: Maison Lazard SAS, Lazard Frères Gestion SAS
Managing Partner: Compagnie Financière Lazard Frères SAS, Lazard Frères SAS, Lazard Frères Gestion SAS
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 of Lazard BV (Belgium), European Advisory Board of Lazard (USA)
Director (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)

Jérôme SEYDOUX

Director
Current term started: 2010
Current term expires: 2013

Directorships and other positions held in other companies:
Co-Chairman: Pathé SAS
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: 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 Theatres BV

SHAREHOLDER AUTHORIZATIONS GIVEN TO THE BOARD OF DIRECTORS

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

No authorizations were in force in 2012.

CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT

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Yves Nicolas, Substitute Auditor
63, rue de Villiers – 92208 Neuilly-sur-Seine – France
EXCO 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

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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.

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