CHARGEURS

Interim Financial Report
2016

CONTENT

The Interim Financial Report 2016 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.

FIRST-HALF 2016 RESULTS

CHARGEURS

PRESS RELEASE

Paris – September 9, 2016

First-half 2016: a period of strong earnings growth
Recurring operating profit up 30.1% and net profit up 63.8% versus first-half 2015
Interim dividend of €0.20 per share announced

"The sharp improvement in our Group's profitability attests to the operational and financial effectiveness of the Performance, Discipline, Ambition plan," said Michaël Fribourg, Chargeurs' Chairman and Chief Executive Officer. *"The plan's success can be put down to its focus on aligning each division's business model with the highest international standards of excellence. Thanks to its balanced industrial and geographic footprint – especially following the recent acquisition of Main Tape, Inc. in the United States – and its increasingly robust financial position, Chargeurs has the headroom needed to support future growth."*

The Board of Directors of Chargeurs met on September 8, 2016 under the chairmanship of Michaël Fribourg to approve the consolidated financial statements for the six months ended June 30, 2016.

INTERIM CONSOLIDATED RESULTS

(in euro millions)	H1 2016	H1 2015	Change (reported)	Change (like-for-like)*
Revenue	253.5	256.6	-1.2%	+5.4%
EBITDA	25.3	20.7	+22.2%	21.7%
As a % of revenue	*10.0%*	*8.1%*		
Recurring operating profit	20.3	15.6	+30.1%	+29.5%
As a % of revenue	*8.0%*	*6.1%*		
Attributable net profit	13.1	8.0	+63.8%	

* Based on a comparable scope of consolidation and at constant exchange rates

Strong underlying growth momentum in a volatile global economy

Chargeurs' revenue grew by 5.4% like-for-like in first-half 2016 versus the year-earlier period, with all operating segments contributing to the increase. The main growth drivers were higher volumes (excluding wool trading) and a further improvement in the product mix. Changes in exchange rates – mainly for the Argentine peso and New Zealand dollar – trimmed 3.2% from revenue, while changes in the scope of consolidation had a negative impact of 3.4%, reflecting Chargeurs' withdrawal from the Yak joint ventures in China.

A sustained improvement in operating performance and net profit

At €20.3 million, recurring operating profit was up by a strong 30.1% compared with first-half 2015. The increase reflected the favorable impact on costs of the performance plan launched by the new management team in late 2015 and the selective marketing strategies applied across all business segments.

Attributable net profit came in at €13.1 million, an increase of 63.8% compared with first-half 2015.

ANALYSIS BY BUSINESS SEGMENT

Chargeurs Protective Films: Solid marketing and operating performances driving a 190-bp gain in operating margin

(in euro millions)	H1 2016	H1 2015	Change
Revenue	120.5	113.6	+6.1%
Like-for-like change			+7.0%
EBITDA	16.5	13.5	+22.2%
As a % of revenue	+13.7%	+11.9%	
Recurring operating profit	14.0	11.0	+27.3%
As a % of revenue	+11.6%	+9.7%	

First-half 2016 revenue came to €120.5 million, an increase of 6.1% as reported and 7.0% like-for-like compared with the year-earlier period. Growth was led by record volumes and an improved product mix.

The currency effect was negative, particularly for the British and Chinese currencies; however, Chargeurs Protective Films improved its product mix and launched a steady stream of differentiating innovations in international markets. This led to a strong 27.3% increase in the division's recurring operating profit to €14.0 million from €11.0 million in first-half 2015.

Going forward, the July 2016 acquisition of Main Tape, Inc. will provide Chargeurs Protective Films with additional marketing and manufacturing capacity, supported by robust synergies. In addition, the Group will benefit more fully from the effects of macro-economic cycles, thanks to increased capacity in the dollar zone, and will be able to offer a better service to its customers.

Chargeurs Fashion Technologies: A remarkable recovery, with EBITDA margin up by more than 300 bps

(in euro millions)	H1 2016	H1 2015	Change
Revenue	68.9	79.7	-13.6%
Like-for-like change			+3.6%
EBITDA	6.5	5.0	+30.0%
As a % of revenue	+9.4%	+6.3%	
Recurring operating profit	4.5	2.8	+60.7%
As a % of revenue	+6.5%	+3.5%	

At €68.9 million, Chargeurs Fashion Technologies' revenue for first-half 2016 was up by 3.6% like-for-like compared with the same period of 2015. The sharp rise was partly due to decisions by major international fashion brands to start making their winter collections earlier than usual. Thanks to its improved competitiveness, the division was able to capitalize on this trend and end the period slightly ahead of the budget.

The restructuring measures launched in late 2015 and pursued during first-half 2016, along with the adoption of a more selective marketing strategy, helped to drive a recovery in operating performance, with recurring operating profit rising by a very strong 60.7% compared with first-half 2015.

During the period, Chargeurs Fashion Technologies withdrew from the Chinese joint venture Yak Trading as part of the strategy to optimize its geographic footprint.

Chargeurs Technical Substrates: A robust performance

(in euro millions)	H1 2016	H1 2015	Change
Revenue	11.6	9.8	+18.4%
Like-for-like change			+18.4%
EBITDA	2.3	1.8	+27.8%
As a % of revenue	+19.8%	+18.4%	
Recurring operating profit	1.8	1.5	+20.0%
As a % of revenue	+15.5%	+15.3%	

Chargeurs Technical Substrates enjoyed a gradual improvement in manufacturing productivity, helped by the commissioning of a new 5-meter width coating line, and reported an 18.4% increase in revenue for the period.

This division continuously develops innovative products incorporating new functionalities. The product pipeline highlights its agility in anticipating the emerging needs of the buoyant technical fabrics market.

Operating profit for the period totaled €1.8 million, up 20.0% on first-half 2015.

Chargeurs Wool: A solid first-half performance

(in euro millions)	H1 2016	H1 2015	Change
Revenue	52.5	53.5	-1.9%
Like-for-like change			+2.2%
EBITDA	1.8	1.5	+20.0%
As a % of revenue	+3.4%	+2.8%	
Recurring operating profit	1.8	1.5	+20.0%
As a % of revenue	+3.4%	+2.8%	

Chargeurs Wool reported revenue of €52.5 million in first-half 2016, an increase of 2.2% like-for-like that was attributable to a sharply improved price mix and the benefits of a more selective marketing strategy.

Despite the negative currency effect related to the New Zealand dollar, the division's recurring operating profit rose by 20% to €1.8 million.

The focus on full product traceability ("From the Sheep to the Shop") is being welcomed by an ever-increasing number of customers.

FINANCIAL POSITION AT JUNE 30, 2016

Chargeurs' financial position remained strong, with consolidated equity (excluding non-controlling interests) of €214.0 million at June 30, 2016 versus €219.3 million at December 31, 2015. The decline over the first half of the year was mainly due to unfavorable adjustments to the translation reserve.

After paying €6.9 million in dividends in May 2016, sharply improving its operating performance and investing to support its growth strategy (through capex and R&D spending), the Group's net cash position remained positive, at €16.9 million at June 30, 2016 compared with €23.3 million at December 31, 2015.

During the first half, Chargeurs broadened its sources of long-term business finance by negotiating its first ever Euro private placement (Euro PP), raising a total of €57.0 million in 7-year financing repayable at maturity. The funds were received on May 27, 2016 and will be used for general corporate purposes.

The Group also obtained several 3 and 5-year confirmed credit facilities during the period, for a total of €33 million, none of which was drawn down at the period-end, and extended the maturity of the €15 million bank loan set up in December 2014 from 2018 to 2021.

These operations had a very favorable impact on the Group's balance sheet structure and significantly extended the average maturity of its debt at a low cost.

INTERIM DIVIDEND

In light of the sharp improvement in operating performance during the first half, the Board of Directors has decided to pay an interim dividend of €0.20 per share.

The dividend timeline will be as follows:

- Ex-dividend date: September 19, 2016
- Dividend payment date: September 21, 2016

SUBSEQUENT EVENT

Chargeurs acquired the entire capital of Main Tape, Inc. from Nekoosa Holdings, Inc. on July 18, 2016. Based in Cranbury, New Jersey (USA), Main Tape specializes in the design and manufacture of plastic film for temporary surface protection applications.

This carefully selected acquisition will consolidate the Group's leadership in its largest market, the United States, and in its largest business, temporary surface protection.

OUTLOOK

Achieved in a volatile economic environment throughout the world but especially in South America and South Asia, the first-half 2016 results attest to the Group's robust fundamentals.

As previously announced, the Group expects to report increased recurring operating profit and high free cash flow in 2016, providing the resources needed to consolidate its global leadership positions in industrial niches over the coming years.

Next announcement: **Third-quarter 2016 financial information** on November 10, 2016

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ABOUT CHARGEURS

Chargeurs is a global manufacturing and services group with leading positions in four segments: temporary surface protection, technical substrates, garment interlinings, and combed wool.

It has some 1,500 employees based in 34 countries on five continents, who serve a diversified customer base spanning more than 45 countries.

In 2015, consolidated revenue totaled almost €500 million, of which nearly 93% was generated outside France.

CHARGEURS

CONSOLIDATED FINANCIAL STATEMENTS

First-half 2016

Consolidated Income Statement *(in euro millions)*

	Note	Six months ended June 30 2016	2015
Revenue	**4**	**253.5**	**256.6**
Cost of sales		(188.3)	(196.5)
Gross profit		**65.2**	**60.1**
Distribution costs		(26.7)	(27.3)
Administrative expenses		(16.5)	(15.4)
Research and development costs		(1.7)	(1.8)
Recurring operating profit		**20.3**	**15.6**
Other operating income	5	-	0.1
Other operating expense	5	(2.7)	(1.3)
Operating profit		**17.6**	**14.4**
Finance costs, net		(1.6)	(1.5)
Other financial expense		(0.9)	(1.3)
Other financial income		4.1	0.4
Net financial expense	**7**	**1.6**	**(2.4)**
Share of profit/(loss) of associates	13	(2.3)	(10.7)
Pre-tax profit for the period		**16.9**	**1.3**
Income tax expense	8	(3.8)	6.8
Profit from continuing operations		**13.1**	**8.1**
Profit for the period		**13.1**	**8.1**
Attributable to owners of the parent		**13.1**	**8.0**
Attributable to non-controlling interests		-	0.1
Earning per share *(in euros)*	9	0.57	0.47
Diluted earnings per share *(in euros)*	9	0.57	0.39

Consolidated Statement of Comprehensive Income *(in euro millions)*

	Note	Six months ended June 30 2016	2015
Profit for the period		**13.1**	**8.1**
Exchange differences on translating foreign operations		(9.7)	11.0
Cash flow hedges		(1.0)	1.9
Total items that may be reclassified subsequently to profit or loss		**(10.7)**	**12.9**
Other components of other comprehensive income		(0.1)	0.6
Actuarial gains and losses on post-employment benefit obligations	17	(1.9)	1.0
Total items that will not be reclassified to profit or loss		**(2.0)**	**1.6**
Other comprehensive income for the period, net of tax		**(12.7)**	**14.5**
Total comprehensive income for the period		**0.4**	**22.6**
Attributable to:			
Owners of the parent		1.6	22.2
Non-controlling interests		(1.2)	0.4

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position *(in euro millions)*

Assets	Note	June 30, 2016	December 31, 2015
Non-current assets			
Intangible assets	10	77.2	78.5
Property, plant and equipment	11	56.1	55.9
Investments in associates and joint ventures	13	13.4	18.1
Deferred tax assets	8	26.7	27.1
Non-current financial assets		1.9	2.1
Other non-current assets		0.5	0.5
		175.8	**182.2**
Current assets			
Inventories and work-in-progress	14	94.1	101.0
Trade receivables	14	49.2	44.6
Factored receivables (*)		55.8	48.9
Derivative financial instruments		0.6	1.1
Other receivables	14	28.0	23.6
Current income tax receivables	14	1.1	1.3
Cash and cash equivalents	16	148.2	97.7
		377.0	**318.2**
Total assets		**552.8**	**500.4**

Equity and liabilities	Note	June 30, 2016	December 31, 2015
Attributable to owners of the parent		214.0	219.3
Non-controlling interests		-	3.1
Total equity		**214.0**	**222.4**
Non-current liabilities			
Long-term borrowings	16	103.5	49.1
Pension and other post-employment benefit obligations	17	16.4	14.6
Provisions	18	0.7	0.7
Other non-current liabilities	19	2.1	8.1
		122.7	**72.5**
Current liabilities			
Trade payables	14	86.7	90.6
Other payables	14	42.0	38.9
Factoring liabilities (*)		55.8	48.9
Current income tax liability	14	2.7	1.5
Derivative financial instruments	14	1.1	0.3
Short-term portion of long-term borrowings	16	8.3	8.6
Short-term bank loans and overdrafts	16	19.5	16.7
		216.1	**205.5**
Total equity and liabilities		**552.8**	**500.4**

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

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows *(in euro millions)*

		Six months ended June 30	
	Note	**2016**	**2015**
Cash flows from operating activities			
Pre-tax profit of consolidated companies		19.2	12.0
Adjustments to reconcile pre-tax profit to cash generated from operations		2.2	5.3
- Depreciation and amortization expense	10 & 11	*5.0*	*5.1*
- Provisions and pension and other post-employment benefit obligations		*(0.3)*	*(0.6)*
- Impairment of non-current assets		*0.6*	*0.2*
- Fair value adjustments		*0.1*	*(0.5)*
- Impact of discounting		*0.2*	*0.6*
- (Gains)/losses on sales of investments in non-consolidated companies and other non-current assets		*(3.8)*	*(0.1)*
- Exchange (gains)/losses on foreign currency receivables and payables		*0.4*	*0.6*
Income tax paid		(2.3)	(1.8)
Cash generated by operations		**19.1**	**15.5**
Dividends from equity-accounted companies	13	0.3	0.3
Change in operating working capital	14	(10.1)	(4.2)
Net cash from operating activities		**9.3**	**11.6**
Cash flows from investing activities			
Purchases of intangible assets	10	(0.3)	(0.6)
Purchases of property, plant and equipment	11	(6.1)	(6.3)
Proceeds from sales of intangible assets and property, plant and equipment		0.1	0.1
Impact of changes in scope of consolidation		(0.9)	-
Other movements		0.2	-
Net cash from/(used in) investing activities		**(7.0)**	**(6.8)**
Cash flows from financing activities			
Proceeds from issues of shares on conversion of bonds		-	4.0
Bond conversions		-	(4.0)
Dividends paid to owners of the parent		(6.9)	(3.2)
Proceeds from new borrowings	16	57.2	1.2
Repayments of borrowings	16	(3.3)	(6.0)
Change in bank overdrafts	16	2.4	(0.4)
Other movements		(1.0)	(1.0)
Net cash from/(used in) financing activities		**48.4**	**(9.4)**
Increase/(decrease) in cash and cash equivalents		**50.7**	**(4.6)**
Cash and cash equivalents at beginning of period	16	97.7	72.7
Cash and cash equivalents reclassified as assets held for sale		-	-
Effect of changes in foreign exchange rates on cash and cash equivalents		(0.2)	0.8
Cash and cash equivalents at period-end	**16**	**148.2**	**68.9**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity *(in euro millions)*

	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Actuarial gains and losses on post-employment benefit obligations	Treasury stock	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
At December 31, 2014	**2.6**	**42.2**	**132.8**	**11.4**	**(0.4)**	**(5.8)**	**(0.2)**	**182.6**	**3.8**	**186.4**
Issue of share capital	0.3	3.7						4.0		4.0
Payment of dividends			(3.2)					(3.2)		(3.2)
Profit for the period			8.0					8.0	0.1	8.1
Other comprehensive income for the period			0.6	10.7	1.9	1.0		14.2	0.3	14.5
At June 30, 2015	**2.9**	**45.9**	**138.2**	**22.1**	**1.5**	**(4.8)**	**(0.2)**	**205.6**	**4.2**	**209.8**
At December 31, 2015	**3.7**	**53.0**	**146.2**	**21.4**	**0.3**	**(5.1)**	**(0.2)**	**219.3**	**3.1**	**222.4**
Payment of dividends			(6.9)					(6.9)		(6.9)
Profit for the period			13.1					13.1		13.1
Impact of changes in scope of consolidation								-	(1.9)	(1.9)
Other comprehensive income for the period			(0.1)	(8.5)	(1.0)	(1.9)		(11.5)	(1.2)	(12.7)
At June 30, 2016	**3.7**	**53.0**	**152.3**	**12.9**	**(0.7)**	**(7.0)**	**(0.2)**	**214.0**	**-**	**214.0**

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

Notes to the consolidated income statement

Notes to the consolidated statement of financial position

Notes – Additional information

Chargeurs and its subsidiaries (the Chargeurs Group) are organized around four business lines:

- ***Chargeurs Protective Films*** develops, manufactures and markets technical solutions to protect steel, aluminum, plastic and other surfaces during the production process.
- ***Chargeurs Technical Substrates*** develops, manufactures and markets functionalized coated technical substrates.
- ***Chargeurs Fashion Technologies*** manufactures and markets garment interlinings. Chargeurs Fashion Technologies is the new name of Chargeurs Interlining, adopted in 2015.
- ***Chargeurs Wool*** manufactures and markets wool tops.

Chargeurs is a *société anonyme* governed by the laws of France. Its headquarters are located at 112, avenue Kléber, 75016 Paris, France.

Chargeurs shares are listed on Euronext Paris.

The consolidated financial statements for the six months ended June 30, 2016 were approved by the Board of Directors on September 8, 2016.

1 Significant events of the period

1.1 Financing

1.1.1 Euro private placement (Euro PP) issue

As part of its overall development strategy, on May 27, 2016 Chargeurs broadened its sources of long-term business finance by negotiating its first-ever Euro private placement (Euro PP), on particularly attractive terms, raising a total of €57 million in 7-year financing repayable at maturity.

The Euro PP comprises:

- a €25.0 million private placement notes issue underwritten by the French government-sponsored Novo 1 midcap fund, advised by BNP Paribas Investment Partners and managed by France Titrisation, and;
- a €32.0 million bank loan provided and arranged by Landesbank Saar, Bank of China Limited and BRED Banque Populaire.

1.1.2 Lines of credit

During the first half of 2016, Chargeurs obtained several 3 and 5-year confirmed lines of credit for a total of €33.0 million. None of these facilities had been drawn down at June 30, 2016.

In addition, the maturity of a €15 million bullet loan obtained from Landesbank Saar in December 2014 was extended from 2018 to 2021.

1.2 Liquidity contract

Rothschild & Cie Banque has been retained to make a market in Chargeurs shares under a liquidity contract that complies with the AMAFI code of ethics approved by the Autorité des Marchés Financiers on March 21, 2011. The contract came into effect on May 9, 2016 for an automatically renewable one-year term.

1.3 Deconsolidation of Yak

Yak produces and sells chest pieces in China through two subsidiaries, Ningbo Lailong Bertero Interlining Co. Ltd ("Yak Production") and Ningbo Chargeurs Yak Textile Trading ("Yak Trading").

In 2015, the slowdown both in the Chinese economy and in certain markets served by the companies making up the Yak CGU led to an impairment loss being recognized for the total amount of Yak goodwill (see note 13.1).

As part of the strategy to enhance the worldwide profitability of all of the Group's strategic businesses, in the first half of 2016 Chargeurs Fashion Technologies withdrew from the Yak joint ventures, as follows:

- In January 2016, to prepare the withdrawal, Chargeurs Fashion Technologies sold to its Chinese partner 2% of Ningbo Chargeurs Yak Textile Trading Co. Ltd., reducing its interest to 49% and leading to the company's 2016 results being reported under "Share of profit/(loss) of associates".
- In June 2016, the Group completed its withdrawal by selling the business to Yak Production's management, with the agreement of its local partner. The gain on the sale is included in "Other financial income and expenses" (see note 7).

Chargeurs Fashion Technologies has retained full title and user rights to the Bertero brand which has a strong reputation among customers and will be relaunched worldwide.

2 Summary of significant accounting policies

2.1 Basis of preparation

The first-half 2016 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. These standards can be downloaded from the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm#adopted-commission)

They have been prepared in accordance with IAS 34, Interim Financial Reporting, and therefore do not contain all of the information and disclosures required in annual consolidated financial statements. Consequently, they should be read jointly with the consolidated financial statements for the year ended December 31, 2015.

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 List of new, revised and amended standards and interpretations

2.2.1 New standards, interpretations and amendments to existing standards whose application was mandatory in the period ended June 30, 2016

Adopted by the European Union:

- Amendments to IAS 1 – Disclosure initiative
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 27 – Equity Method in Separate Financial Statements
- Annual Improvements, 2012-2014 cycle

2.2.2 New standards, amendments to existing standards and interpretations applicable in future periods that were early adopted by the Group:

- Amendments to IAS 7 – Disclosure Initiative

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

Not yet adopted by the European Union

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- Clarifications of IFRS 15
- IFRS 16 – Leases
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

3 Critical accounting estimates and judgments

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.

3.1.1 Impairment of goodwill

Goodwill is tested for impairment on an annual basis as described in note 2.6 to the 2015 consolidated financial statements. The recoverable amounts of cash-generating units (CGUs) are determined based on calculations of value in use, which require the use of estimates (note 10).

3.1.2 Income tax expense

Deferred tax assets are recognized for tax loss carryforwards only when their future recovery is considered probable.

Deferred tax assets arising from tax loss carryforwards and deductible temporary differences are assessed based on taxable profit projections over a period of five years in every tax jurisdiction.

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 consolidated financial statements is unchanged since 2005, but may change in the future based on amendments to contracts or changes in sale procedures.

4 Segment reporting

4.1 Information by operating segment

Chargeurs analyzes its business according to four business segments.

4.1.1 Profits and losses by business segment

Six months ended June 30, 2016 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**120.5**	**68.9**	**11.6**	**52.5**	**-**	-	**253.5**
EBITDA	**16.5**	**6.5**	**2.3**	**1.8**	**(1.8)**	-	**25.3**
Depreciation and amortization	(2.5)	(2.0)	(0.5)	-	-	-	(5.0)
Recurring operating profit	**14.0**	**4.5**	**1.8**	**1.8**	**(1.8)**	**-**	**20.3**
Other operating income and expense	(0.7)	(1.4)	-	-	(0.6)	-	(2.7)
Operating profit	**13.3**	**3.1**	**1.8**	**1.8**	**(2.4)**	**-**	**17.6**
Net financial expense							1.6
Share of profit/(loss) of associates							(2.3)
Pre-tax profit for the period							**16.9**
Income tax expense							(3.8)
Profit from continuing operations							**13.1**
Profit/(loss) from discontinued operations							**-**
Profit for the period							**13.1**

Six months ended June 30, 2015 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**113.6**	**79.7**	**9.8**	**53.5**	**-**	**-**	**256.6**
EBITDA	**13.5**	**5.0**	**1.8**	**1.5**	**(1.1)**	**-**	**20.7**
Depreciation and amortization	(2.5)	(2.2)	(0.3)	-	(0.1)	-	(5.1)
Recurring operating profit	**11.0**	**2.8**	**1.5**	**1.5**	**(1.2)**	**-**	**15.6**
Other operating income and expense	-	(0.8)	-	-	(0.4)	-	(1.2)
Operating profit	**11.0**	**2.0**	**1.5**	**1.5**	**(1.6)**	**-**	**14.4**
Net financial expense							(2.4)
Share of profit/(loss) of associates							(10.7)
Pre-tax profit for the period							**1.3**
Income tax expense							6.8
Profit from continuing operations							**8.1**
Profit/(loss) from discontinued operations							**-**
Profit for the period							**8.1**

4.1.2 Segment assets and liabilities

At June 30, 2016 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	Total
Assets(1)	158.1	92.2	24.6	49.5	24.3	348.7
Liabilities(2)	80.7	35.3	7.2	20.8	7.6	151.6
Capital employed	**77.4**	**56.9**	**17.4**	**28.7**	**16.7**	**197.1**
Purchases of assets	3.8	2.1	0.5	-	-	6.4

At December 31, 2015 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	Total
Assets(1)	151.9	98.4	22.4	54.6	26.5	353.8
Liabilities(2)	73.8	43.9	6.7	25.3	8.0	157.7
Capital employed	**78.1**	**54.5**	**15.7**	**29.3**	**18.5**	**196.1**
Purchases of assets	6.4	3.9	4.3	0.1	-	14.7

(1) Assets other than cash and cash equivalents and factored receivables.

(2) Excluding equity attributable to owners of the parent, borrowings (convertible bonds, long-term borrowings, short-term portion of long-term borrowings and short-term bank loans and overdrafts) and factoring liabilities.

4.1.3 Additional information

Six months ended June 30, 2016 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	Consolidated
Depreciation of property, plant and equipment	(2.4)	(1.8)	(0.5)	-	-	(4.7)
Impairment (note 5):						
- Goodwill	-	-	-	-	-	-
- Property, plant and equipment	-	(0.6)	-	-	-	(0.6)
Impairment:						
- Inventories	(1.7)	(0.2)	(0.1)			(2.0)
- Trade receivables	0.1	-	-			0.1
Restructuring costs (note 5)	-	(0.8)	-	-	(0.4)	(1.2)

Six months ended June 30, 2015 *(in euro millions)*	Chargeurs Protective Films	Chargeurs Fashion Technologies	Chargeurs Technical Substrates	Chargeurs Wool	Non-operating	Consolidated
Depreciation of property, plant and equipment	(2.3)	(2.2)	(0.3)	-	-	(4.8)
Impairment (note 5):						
- Goodwill	-	(0.1)	-	-	-	(0.1)
- Property, plant and equipment	-	-	-	-	-	-
Impairment:						
- Inventories	(0.7)	(0.1)	(0.1)	-	-	(0.9)
- Trade receivables	-	0.4	-	-	-	0.4
Restructuring costs (note 5)	-	(0.5)	-	-	-	(0.5)

4.2 Information by geographical area

The Group operates primarily in international markets, earning 92.1% of revenue outside France and 48.2% outside Europe.

In the table below, revenue is analyzed by customer location.

	Six months ended June 30	
(in euro millions)	2016	2015
Europe	131.2	124.5
Asia-Pacific and Africa	63.3	69.5
Americas	59.0	62.6
Total	**253.5**	**256.6**

The main countries where the Group's customers are located are the following:

	Six months ended June 30	
(in euro millions)	2016	2015
United States	44.1	43.8
Italy	41.0	41.2
China and Hong Kong	23.3	30.1
Germany	23.2	22.8
France	19.9	18.3
Top 5 countries	**151.5**	**156.2**
Other countries	102.0	**100.4**
Total	**253.5**	**256.6**

5 Other operating income and expense

Other operating income and expense can be analyzed as follows:

	Six months ended June 30	
(in euro millions)	**2016**	**2015**
Goodwill impairment	-	(0.1)
Restructuring costs *(1)*	(1.2)	(0.5)
Write-offs of non-current assets	-	(0.1)
Impairment of non-current assets	(0.6)	-
Other *(2)*	(0.9)	(0.5)
Total	**(2.7)**	**(1.2)**

(1) Restructuring costs were incurred mainly by the Fashion Technologies division and in the holding companies.
(2) In first-half 2016, the line "Other" mainly corresponds to costs incurred in connection with the Group's business development and growth program, including for the Main Tape acquisition (due diligence and transaction costs).

6 Number of employees and payroll costs

6.1 Number of employees

The average number of employees of fully consolidated subsidiaries was as follows in first-half 2016 and in 2015:

	First-half 2016	2015
Employees in France	521	517
Employees outside France	950	1,025
Total employees	**1,471**	**1,542**

The reduction in employee numbers mainly concerned the restructuring of the Chinese subsidiaries Chargeurs Interlining Guangzhou and Ningbo Chargeurs Yak Textiles Trading Co. Ltd by the Fashion Technologies division (note 4.1.3 and note 5).

6.2 Payroll costs

	Six months ended June 30	
(in euro millions)	**2016**	**2015**
Wages and salaries	26.1	26.6
Payroll taxes	10.6	10.6
Discretionary profit sharing	1.5	1.3
Total	**38.2**	**38.5**

7 Finance costs and other financial income and expense, net

(in euro millions)	Six months ended June 30 2016	2015
- Finance costs	(1.8)	(1.8)
- Interest income on loans and investments	0.2	0.3
Cost of net debt	**(1.6)**	**(1.5)**
Factoring cost	**(0.4)**	**(0.5)**
- Convertible bond interest cost	-	(0.4)
- Effect of changes in scope of consolidation *(1)*	3.7	-
- Interest expense on employee benefit obligations	(0.1)	(0.2)
- Discounting adjustments to debt	(0.1)	-
- Exchange gains and losses on foreign currency receivables and payables	0.1	0.1
- Fair value adjustments to financial instruments	(0.1)	0.1
- Other	0.1	-
Other financial income and expenses	**3.6**	**(0.4)**
Finance costs and other financial income and expense, net	**1.6**	**(2.4)**

(1) Corresponding to the gain on the Group's withdrawal from the Yak joint ventures. The reported amount consists mainly of translation reserves reclassified to profit (note 1.3).

8 Income tax

8.1 Income tax expense

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

(in euro millions)	Six months ended June 30 2016	2015
Current taxes	(3.7)	(2.7)
Deferred taxes	(0.1)	9.5
Total	**(3.8)**	**6.8**

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 French tax rate):

(in euro millions)	Six months ended June 30 2016	2015
Income tax expense for the period	(3.8)	6.8
Standard French income tax rate	34.43%	38.00%
Tax at the standard rate	(6.6)	(4.6)
Difference between income tax expense for the period and tax at the standard rate	**2.8**	**11.4**
Effect of differences in foreign tax rates	0.5	0.7
Effect of permanent differences between book profit and taxable profit	1.3	(0.1)
Change in tax assets recognized for tax losses:		
- Reversals of valuation allowances on tax loss carryforwards recognized in prior periods *(1)*	-	9.7
- Utilizations of tax loss carryforwards covered by valuation allowances *(2)*	2.0	1.9
- Effect of unrelieved tax losses	(0.2)	(0.3)
Other	(0.8)	(0.5)
Difference between income tax expense for the period and tax at the standard rate	**2.8**	**11.4**

(1) At June 30, 2015, the Group recognized €9.7 million worth of deferred tax assets on the French tax group's tax loss carryforwards, based on profit projections for the next five years.
(2) This amount corresponds for the most part to the estimated utilization of tax losses in first-half 2016.

No deferred tax assets have been recognized for a significant portion of the evergreen losses of the various tax groups.

9 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 basic earnings per share of €0.57 for first-half 2016 (net profit divided by the average number of shares outstanding).

Diluted earnings per share are the same as basic earnings per share, as the last convertible bonds outstanding were converted or redeemed in 2015.

	Six months ended June 30			
	2016		2015	
(in euro thousands)	Basic earnings per share	Diluted earnings per share	Basic earnings per share	Diluted earnings per share
From continuing operations	13.1	13.1	8.0	8.4
From discontinued operations	-	-	-	-
Weighted average number of shares	22,966,144	22,966,144	17,095,742	21,732,510
Earnings per share from continuing operations *(in euros)*	**0.57**	**0.57**	**0.47**	**0.39**
Earnings per share from discontinued operations *(in euros)*	**-**	**-**	**-**	**-**

10 Intangible assets

10.1 Goodwill

10.1.1 Change in goodwill

The table below provides a breakdown of goodwill by cash-generating unit (CGU).

(in euro millions)	Protective Films	Fashion Technologies	Etacol	Technical Substrates	Total
December 31, 2014	**53.1**	**13.6**	**3.7**	**-**	**70.4**
Impairment	-	(0.1)	-	-	(0.1)
Translation adjustment	4.4	-	0.4	-	4.8
Other	-	(11.0)	-	11.0	-
June 30, 2015	**57.5**	**2.5**	**4.1**	**11.0**	**75.1**
December 31, 2015	**59.1**	**2.5**	**4.1**	**11.0**	**76.7**
Impairment	-	-	-	-	-
Translation adjustment	(1.1)	-	(0.1)	-	(1.2)
June 30, 2016	**58.0**	**2.5**	**4.0**	**11.0**	**75.5**

PROTECTIVE FILMS

The Protective Films operating segment is managed on a global basis to meet the needs of global customers, and is considered to represent a single CGU.

Chargeurs Protective Films goodwill is measured in US dollars and the €1.1 million decrease in its carrying amount between December 31, 2015 and June 30, 2016 was due to the dollar's decline against the euro over the period.

FASHION TECHNOLOGIES AND ETACOL

The Fashion Technologies segment also has a global management structure that is aligned with local needs. However, the Chargeurs Fashion Technologies CGU does not include Etacol in Bangladesh, acquired in 2008, which is treated as a separate CGU.

TECHNICAL SUBSTRATES

Chargeurs Technical Substrates, which was previously part of Chargeurs Fashion Technologies, has been treated as a separate operating segment since January 1, 2015. The decision to follow this business (functionalizing technical substrates) separately was made due to the business' development and growth outlook. The segment comprises a single entity, Senfa.

10.1.2 Goodwill impairment tests

The Group considered that it was not necessary to make any material adjustments to the assumptions used to determine the recoverable amounts of goodwill between December 31, 2015 and June 30, 2016.

Procedures were performed at June 30, 2016 to obtain assurance that there were no indications that the carrying amount of any CGUs might not be recoverable. These procedures enabled the Group to conclude that there was no evidence of impairment of any CGU or group of CGUs compared with December 31, 2015. An annual review of the carrying amounts of goodwill and other intangible assets will be performed at the year-end.

10.2 Other intangible assets

In first-half 2016, no development projects satisfied the asset recognition criteria in IAS 38.

(in euro millions)	Trademarks and patents	Development costs	Licenses	Other	Total
December 31, 2014	**0.6**	**0.5**	**0.3**	**0.8**	**2.2**
Additions	-	-	-	0.6	0.6
Amortization	-	(0.1)	-	(0.2)	(0.3)
June 30, 2015	**0.6**	**0.4**	**0.3**	**1.2**	**2.5**
December 31, 2015	**0.5**	**0.1**	**0.3**	**0.9**	**1.8**
Additions	-	-	-	0.3	0.3
Amortization	-	-	-	(0.3)	(0.3)
Translation adjustment	-	-	-	(0.1)	(0.1)
June 30, 2016	**0.5**	**0.1**	**0.3**	**0.8**	**1.7**

11 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
December 31, 2014	**2.6**	**10.7**	**31.6**	**3.9**	**1.5**	**50.3**
Additions	-	0.2	4.1	0.2	1.8	6.3
Disposals	-	-	(0.1)	-	-	(0.1)
Depreciation	-	(0.9)	(3.7)	(0.2)	-	(4.8)
Other	-	0.1	0.5	0.1	(0.7)	-
Translation adjustment	0.1	0.4	0.6	-	-	1.1
June 30, 2015	**2.7**	**10.5**	**33.0**	**4.0**	**2.6**	**52.8**
December 31, 2015	**2.6**	**10.3**	**34.2**	**4.6**	**4.2**	**55.9**
Additions	-	0.1	1.6	0.1	4.3	6.1
Depreciation	-	(0.7)	(3.8)	(0.2)	-	(4.7)
Impairment	-	-	(0.3)	(0.3)	-	(0.6)
Other	-	0.5	0.6	0.1	(1.2)	-
Translation adjustment	-	(0.2)	(0.3)	-	(0.1)	(0.6)
June 30,2016	**2.6**	**10.0**	**32.0**	**4.3**	**7.2**	**56.1**

12 Finance leases

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

(in euro millions)	**June 30, 2016**	**December 31, 2015**
Land	1.2	1.2
Buildings	19.5	19.5
Plant and equipment	32.0	31.7
Fixtures, fittings and other	7.0	7.0
Gross value	**59.7**	**59.4**
Accumulated depreciation	(44.1)	(42.7)
Net value	**15.6**	**16.7**

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

(in euro millions)	**June 30, 2016**	**December 31, 2015**
Future minimum lease payments under finance leases	17.8	20.2
Finance lease liabilities	16.8	19.0
Future finance cost	**1.0**	**1.2**

Future lease payments can be analyzed by maturity as follows:

(in euro millions)	Future minimum lease payments	Finance lease liabilities
Due in less than one year	7.1	6.9
Due in one to five years	9.6	8.9
Due in more than five years	1.1	1.0
Total at June 30, 2016	**17.8**	**16.8**
Due in less than one year	7.5	7.3
Due in one to five years	11.1	10.3
Due in more than five years	1.6	1.4
Total at December 31, 2015	**20.2**	**19.0**

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 6 to 15 years and corresponds to secured debt.

During the first half of 2016, in light of the significant improvement in Chargeurs Fashion Technologies' performance, the Group refinanced certain of the division's assets for a gross amount of €6.2 million. The new financing terms will apply as from the second half of the year.

13 Investments in associates and joint ventures

13.1 Companies

Wool segment

CW Uruguay comprises Lanas Trinidad SA and its subsidiaries.

CW Argentina comprises Chargeurs Wool Argentina and its subsidiary, Peinadura Rio Chubut.

Zhangjiagang Yangtse Wool Combing Co. Ltd comprises Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangtse (Australia) PTY Ltd.

Fashion Technologies segment

In the first half of 2016, the Group withdrew from the Yak joint ventures, Ningbo Lailong Bertero Interlining Co. Ltd and Ningbo Chargeurs Yak Textile Trading Co. Ltd (note 1.3).

Investments in associates and joint ventures can be analyzed as follows:

(in euro millions)	Dec. 31, 2015	Share of profit/(loss)	Dividends received	Translation adjustment	Scope changes	Other	June 30, 2016
CW Uruguay	8.0	(0.1)	(0.3)	(0.1)	-	-	7.5
CW Argentina	1.6	0.1	-	(0.2)	-	-	1.5
Zhangjiagang Yangtse Wool Combing Co Ltd	4.5	(0.6)	-	(0.1)	-	-	3.8
Ningbo Lailong Bertero Interlining Co. Ltd	3.4	(0.8)	-	(0.1)	(2.5)	-	-
Ningbo Chargeurs Yak Textile Trading Co Ltd	-	(0.9)	-	(0.1)	1.0	-	-
Other companies	0.1	-	-	-	-	-	0.1
Total joint ventures	**17.6**	**(2.3)**	**(0.3)**	**(0.6)**	**(1.5)**	**-**	**12.9**
Wool USA	0.5	-	-	-	-	-	0.5
Total associates	**0.5**	**-**	**-**	**-**	**-**	**-**	**0.5**
Total associates and joint ventures	**18.1**	**(2.3)**	**(0.3)**	**(0.6)**	**(1.5)**	**-**	**13.4**

(in euro millions)	Dec. 31, 2014	Share of profit/(loss)	Dividends received	Translation adjustment	Scope changes	Other	June 30, 2015
CW Uruguay	6.8	0.1	-	0.6	-	-	7.5
CW Argentina	1.8	-	-	0.2	-	-	2.0
Zhangjiagang Yangtse Wool Combing Co Ltd	4.8	(0.3)	-	0.3	-	0.3	5.1
Ningbo Lailong Bertero Interlining Co. Ltd (*)	13.2	(10.5)	(0.3)	1.1	-	-	3.5
Other companies	0.1	-	-	(0.1)	-	-	-
Total joint ventures	**26.7**	**(10.7)**	**(0.3)**	**2.1**	**-**	**0.3**	**18.1**
Wool USA	0.4	-	-	0.1	-	-	0.5
Total associates	**0.4**	**-**	**-**	**0.1**	**-**	**-**	**0.5**
Total associates and joint ventures	**27.1**	**(10.7)**	**(0.3)**	**2.2**	**-**	**0.3**	**18.6**

** At June 30, 2015 the Ningbo Lailong Bertero Interlining Co. Ltd goodwill was written down in full in the amount of €10.5 million.*

13.2 Key figures for the main joint ventures

Key figures for material joint ventures are presented below (on a 100% basis):

	At June 30, 2016					At December 31, 2015			
(in euro millions)	CW Uruguay	CW Argentine	Zangjiagang Yangtse Wool Combing Co. Ltd	Lailong Bertero Interlining Co. Ltd	Yak Textile Trading Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Lailong Bertero Interlining Co. Ltd
Non-current assets	3.6	1.3	5.0	-	-	3.8	1.4	5.6	2.8
Current assets	37.7	16.5	22.5	-	-	44.4	13.1	29.3	5.4
Cash and cash equivalents	1.3	0.7	2.2	-	-	1.2	0.4	2.2	0.6
Other non-current liabilities	0.1	0.4	-	-	-	0.1	0.4	0.0	0.7
Current financial liabilities	20.4	12.5	7.6	-	-	18.7	7.6	11.2	0.0
Other current liabilities	7.1	2.5	14.5	-	-	14.6	3.7	16.9	1.2
Total net assets	**15.0**	**3.1**	**7.6**	**-**	**-**	**16.0**	**3.2**	**9.0**	**6.9**
Percentage interest	50%	50%	50%	-	-	50%	50%	50%	49%
Group share	7.5	1.5	3.8	-	-	8.0	1.6	4.5	3.4
Goodwill	-	-	-	-	-	0.0	0.0	0.0	0.0
Carrying amount	**7.5**	**1.5**	**3.8**	**-**	**-**	**8.0**	**1.6**	**4.5**	**3.4**

	Six months ended June 30, 2016					Six months ended June 30, 2015			
(in euro millions)	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Lailong Bertero Interlining Co. Ltd	Yak Textile Trading Co. Ltd	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co. Ltd	Lailong Bertero Interlining Co. Ltd
Revenue	29.1	8.7	20.8	5.4	6.1	34.8	8.4	21.5	4.4
Depreciation, amortization and impairment	(0.3)	-	(0.7)	(0.1)	(1.6)	(0.3)	-	(0.7)	(0.3)
Finance costs, net	(0.5)	(0.6)	(0.3)	-	-	(0.7)	(0.9)	(0.4)	-
Profit/(loss) from continuing operations	**0.1**	**0.2**	**(1.2)**	**(1.7)**	**(1.8)**	**0.2**	**-**	**(0.7)**	**-**
Percentage interest	50%	50%	50%	49%	49%	50%	50%	50%	49%
Impairment of goodwill	-	-	-	-	-	-	-	-	(10.5)
Other	(0.1)	-	-	-	-	-	-	-	-
Group share of profit/(loss)	**(0.1) -**	**0.1**	**(0.6) -**	**(0.8) -**	**(0.9)**	**0.1**	**-**	**(0.3)**	**(10.5)**

13.3 Transactions with associates and joint ventures

In the first half of 2016, the main transactions with associates and joint ventures were as follows:

- With Lanas Trinidad, Chargeurs Wool Argentina, Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangste Pty Ltd:
  - purchases recorded in Wool division cost of sales for €23.2 million, and
  - trade payables for €10.1 million.
- With Ningbo Lailong Bertero Interlining Co. Ltd and Ningbo Chargeurs Yak Textiles Trading Co. Ltd:
  - purchases recorded in Fashion Technologies division cost of sales for €0.6 million.

14 Working capital

(in euro millions)	December 31, 2015	Change in operating working capital (*)	Other changes	Effect of changes in exchange rates	Impact of changes in scope of consolidation	June 30, 2016
Inventories and work-in-progress	101.0	(2.1)	0.1	(1.5)	(3.4)	94.1
Trade receivables	44.6	10.8	-	(0.4)	(5.8)	49.2
Derivative financial instruments	1.1	(0.1)	(0.4)	-	-	0.6
Other receivables	23.6	2.9	-	(0.2)	1.7	28.0
Current income tax receivables	1.3	-	(0.2)	-	-	1.1
Assets	**171.6**	**11.5**	**(0.5)**	**(2.1)**	**(7.5)**	**173.0**
Trade payables	90.6	2.7	(0.2)	(0.3)	(6.1)	86.7
Derivative financial instruments	0.3	-	0.8	-	-	1.1
Other payables	38.9	(1.3)	4.8	(0.4)	-	42.0
Current income tax liability	1.5	-	1.2	-	-	2.7
Liabilities	**131.3**	**1.4**	**6.6**	**(0.7)**	**(6.1)**	**132.5**
Working capital	**40.3**	**10.1**	**(7.1)**	**(1.4)**	**(1.4)**	**40.5**

(in euro millions)	December 31, 2014	Change in operating working capital (*)	Other changes	Effect of changes in exchange rates	Impact of changes in scope of consolidation	June 30, 2015
Inventories and work-in-progress	98.2	(0.9)	-	2.0	-	99.3
Trade receivables	44.2	6.1	(0.1)	2.1	-	52.3
Derivative financial instruments	0.6	(0.1)	1.7	-	-	2.2
Other receivables	24.2	2.4	-	0.1	-	26.7
Current income tax receivables	0.5	-	(0.4)	-	-	0.1
Assets	**167.7**	**7.5**	**1.2**	**4.2**	**-**	**180.6**
Trade payables	88.6	1.3	-	0.9	-	90.8
Derivative financial instruments	0.7	1.0	(0.6)	(0.1)	-	1.0
Other payables	30.6	1.0	0.8	0.5	-	32.9
Current income tax liability	0.6	-	0.7	-	-	1.3
Liabilities	**120.5**	**3.3**	**0.9**	**1.3**	**-**	**126.0**
Working capital	**47.2**	**4.2**	**0.3**	**2.9**	**-**	**54.6**

** Reported in the consolidated statement of cash flows under "Net cash from operating activities".*

15 Equity

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since January 1, 2015 are as follows:

Shares outstanding at December 31, 2014	**16,021,311.0**
Issuance of shares on conversion of bonds by bondholders	6,944,833
Shares outstanding at December 31, 2015	**22,966,144**
Shares outstanding at June 30, 2016	**22,966,144**

Based on a par value of €0.16 per share, shares outstanding represented issued capital of €3,674,583 at June 30, 2016.

Double voting rights

Chargeurs' bylaws provide that shares registered in the name of the same owner for more than two years carry double voting rights. Consequently, in accordance with article L.225-124 of the French Commercial Code, holders of said shares are entitled to double voting rights at Chargeurs Shareholders' Meetings. At June 30, 2016, 249,397 shares carried double voting rights.

16 Long- and short-term debt, cash and cash equivalents

16.1 Net cash position

16.1.1 Change in net cash position

		Cash movements		Non-cash movements				
(in euro millions)	**Dec. 31, 2015**	Increase	Decrease	Changes in scope of consolidation	Changes in exchange rates	Other	**June 30, 2016**	**Effective interest rate June 30, 2016**
Marketable securities	36.2	-	(0.7)	-	-	-	35.5	
Term deposits	1.0	1.0	-	-	0.1	-	2.1	
Cash at bank	60.5	52.5	-	(2.1)	(0.3)	-	110.6	
Cash and cash equivalents	**97.7**	**53.5**	**(0.7)**	**(2.1)**	**(0.2)**	-	**148.2**	
Bank borrowings	38.7	57.2	(0.9)	-	-	-	95.0	2.82%
Finance lease liabilities	19.0	-	(2.4)	-	-	0.2	16.8	
Bank overdrafts	16.7	2.4	-	0.8	(0.4)	-	19.5	
Net cash position/(Net debt position)	**23.3**	**(6.1)**	**2.6**	**(2.9)**	**0.2**	**(0.2)**	**16.9**	

There were no restrictions on the use of the cash and cash equivalents held by Group at June 30, 2016.

The average interest rate on long-term borrowings after hedging was 2.82% at June 30, 2016 and 3.02% at December 31, 2015.

At June 30, 2016, Group companies had financing facilities maturing at different dates representing a total of €186.6 million, of which €56.0 million was undrawn (versus a total of €95.0 million at December 31, 2015 of which €22.0 million was undrawn).

The Group's available cash (cash and cash equivalents plus undrawn credit facilities) at June 30, 2016 totaled €202.7 million versus €118.6 million at December 31, 2015, representing an increase of €84.1 million.

Euro private placement (Euro PP) issue

On May 27, 2016, the Group raised €57.0 million (before issuance costs) through a 7-year Euro PP issue repayable at maturity. The funds will be used for general corporate purposes (note 1.1).

New revolving credit facilities

During the first half of 2016, the Group obtained several additional 3 and 5-year confirmed lines of credit for a total of €33.0 million. None of these facilities was drawn down at the period-end.

Renegotiation of an existing bank loan

The Group also took advantage of the low interest rate environment to renegotiate a €15 million bank loan from Landesbank Saar, extending the maturity from 2018 to 2021.

Bank covenants

The €57.0 million Euro PP issue and two credit lines representing a total of €30.0 million are subject to the following hard covenants that were complied with at June 30, 2016:

- Net debt/equity ≤ 0.55
- Net debt/EBITDA ≤ 3.50

16.1.2 Analysis of the change in net cash position

(in euro millions)	First-half 2016	2015
Net cash from operating activities (statement of cash flows)	**9.3**	**32.4**
Net cash used in investing activities (statement of cash flows)	**(7.0)**	**(12.9)**
Return of capital to non-controlling interests	-	(1.1)
Other movements	(1.0)	(1.1)
Dividends paid to equity holders of the parent	(6.9)	(3.2)
Other cash flows	**(7.9)**	**(5.4)**
New finance lease liabilities	(0.2)	(0.4)
Impact of change in scope of consolidation	(0.8)	-
Effect of changes in exchange rates	0.2	0.3
Change in net cash	**(6.4)**	**14.0**

16.2 Analysis of debt by maturity and interest rate

	June 30, 2016			December 31, 2015		
(in euro millions)	Total	Of which fixed rate	Of which variable rate	Total	Of which fixed rate	Of which variable rate
Due in less than one year	8.3	7.1	1.2	8.6	6.9	1.7
Due in one to two years	5.2	4.0	1.2	5.1	4.0	1.1
Due in two to three years	4.5	2.8	1.7	20.0	18.8	1.2
Due in three to four years	2.9	1.6	1.3	3.3	1.6	1.7
Due in four to five years	17.6	16.6	1.0	17.8	16.5	1.3
Due in more than five years	73.3	72.1	1.2	2.9	1.4	1.5
Total	**111.8**	**104.2**	**7.6**	**57.7**	**49.2**	**8.5**

The carrying amount of fixed-rate debt was €104.2 million after hedging at June 30, 2016. The proportion of average debt at fixed rates of interest was 87.0% in first-half 2016 and 77.7% in 2015.

An interest rate swap has been set up on a notional amount of €30.0 million to convert the variable interest rate on certain credit lines to fixed rate. The swap qualifies as a cash flow hedge and is measured at fair value with changes in fair value recognized in other comprehensive income. In the first half of 2016, changes in fair value represented a negative €1.0 million.

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates applied.

16.3 Analysis of debt by currency

(in euro millions)	June 30, 2016	December 31, 2015
Euro	111.7	56.5
Other	0.1	1.2
Total	**111.8**	**57.7**

17 Pension and other post-employment benefit obligations

Employee benefits expense for the first half of 2016 amounted to €0.2 million, breaking down as service cost for €0.1 million and interest cost for €0.1 million.

United States: actuarial gains and losses arising during the first half of 2016 were estimated based on sensitivity tests performed at December 31, 2015, using a discount rate of 3.65% compared with 4.38% in 2015. A net actuarial loss of €0.9 million was recognized for the period.

Europe: actuarial gains and losses arising during the first half of 2016 were estimated based on sensitivity tests performed at December 31, 2015, using a discount rate of 1.05% compared with 2.0% in 2015. A net actuarial loss of €1.0 million was recognized for the period.

18 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)	Long-term provisions	Short-term provisions	Total
December 31, 2014	**0.4**	**0.4**	**0.8**
Reversals of surplus provisions	-	(0.1)	(0.1)
June 30, 2015	**0.4**	**0.3**	**0.7**
December 31, 2015	**0.7**	**0.8**	**1.5**
Reversals of provisions used	-	(0.2)	(0.2)
June 30, 2016	**0.7**	**0.6**	**1.3**

(in euro millions)	June 30, 2016	December 31, 2015
Provisions for industrial restructuring costs	-	-
Provisions for other contingencies	1.3	1.5
Total	**1.3**	**1.5**

Cash outflows covered by provisions for other contingencies will amount to €0.6 million within the next twelve months and €0.7 million in subsequent period.

19 Other non-current liabilities

"Other non-current liabilities" include the €1.9 million long-term portion of a guarantee received in respect of a license.

20 Related party transactions

Related party transactions with associates and joint ventures are presented in note 13.3.

There were no material changes in related party transactions between December 31, 2015 and June 30, 2016, except for the withdrawal from the Yak joint ventures (note 1.3).

21 Commitments and contingencies

21.1 Commercial commitments

At June 30, 2016, Chargeurs and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €1.1 million.

21.2 Guarantees

At June 30, 2016, Chargeurs and its subsidiaries had given guarantees for a total of €8.3 million.

21.3 Collateral

At June 30, 2016, Chargeurs and its subsidiaries had granted collateral representing a total of €3.0 million.

21.4 Operating leases

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

(in euro millions)	June 30, 2016
Due in less than one year	1.7
Due in one to five years	4.4
Due in more than five years	1.2
Total	**7.3**

21.5 Legal risks

In 2010, the Company was summoned on several occasions to appear before the French Employment Tribunal due to claims lodged by individuals previously employed and laid off by companies in which Chargeurs held an indirect interest. The total amount of these claims represented around €5.5 million. They were initially dismissed by the Employment Tribunal, but in late 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. On February 20, 2014, all of the above claims filed by former employees were rejected by the judge to whom the cases had been referred by the Employment Tribunal (*juge départiteur*). In December 2014, the Company was informed that the former employees had lodged an appeal. All of the complaints and claims against the Company were dismissed by the Toulouse Appeal Court in a ruling handed down on May 4, 2016. The Company is currently awaiting formal notification of this ruling.

22 Subsequent events

On July 18, 2016, Chargeurs acquired the entire capital of Main Tape, Inc. from Nekoosa Holdings, Inc. Based in Cranbury, New Jersey (USA), Main Tape specializes in the design and manufacture of plastic film for temporary surface protection applications. Main Tape has developed a comprehensive product and solution offering for industrial customers based primarily in the United States but also in Mexico. In 2015, the company reported revenue of USD 27.0 million.

The acquisition will consolidate the market presence, product offering and leadership of Chargeurs Protective Films, the world's leading manufacturer of plastic surface protection films, in both the North American and International markets, by providing additional marketing and manufacturing capacity supported by robust synergies. In addition, the Group will benefit more fully from the effects of macro-economic cycles, thanks to increased capacity in the dollar zone, and will be able to offer a better service to its customers.

23 Seasonal fluctuations in business

Seasonal fluctuations in business do not have a material impact on the Group's financial statements.

24 Main consolidated companies

At June 30, 2016, 55 companies were fully consolidated (compared with 57 in 2015), and 9 were accounted for by the equity method (10 in 2015).

Chargeurs	**Parent Company**

A – Main fully consolidated companies

Chargeurs Deutschland GmbH
Chargeurs Textiles SAS
Leipziger Wollkämmerei AG
Chargeurs Entoilage SA

Protective Films segment

Chargeurs Films de Protection SA	**Holding company for the segment**
France	Novacel SA
Italy	Boston Tapes S.p.A. – Boston Tapes Commercial S.r.l. – Novacel Italia S.r.l.
Germany	Novacel GmbH
United Kingdom	Novacel UK
Spain	Novacel Spain
Belgium	Novacel Belgium
North America	Chargeurs Protective Films Inc. – Novacel Inc.

Technical Substrates segment

France	Senfa

Fashion Technologies segment

Fitexin	**Holding company for the segment**
France	Lainière de Picardie BC SAS
Italy	Chargeurs Interfodere Italia
Germany	Lainière de Picardie Deutschland GmbH
United Kingdom	Chargeurs Interlining (UK) Ltd
Portugal	Chargeurs Entretelas (Iberica) Ltd
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 (H.K.) Limited – LP (Wujiang) Textiles Co. Ltd – Lainière de Picardie Korea Co. Ltd – C.I. Guangzhou – DHJ Interlining Limited – Etacol Bangladesh Ltd

Wool segment

Chargeurs Wool Holding GmbH	**Holding company for the segment**
France	Chargeurs Wool (Eurasia) SAS
Italy	Chargeurs Wool Sales (Europe) S.r.l.
New Zealand	Chargeurs Wool (NZ) Limited
U.S.A.	Chargeurs Wool (USA) Inc.

B - Companies accounted for by the equity method

USA Wool (35%)
Lanas Trinidad SA (50%)
Chargeurs Wool (Argentina) SA (50%), and its subsidiary Peinaduria Rio Chubut (25%)
Zhangjiagang Yangtse Wool Combing Co. Ltd (50%) and its subsidiary Yangtse (Australia) Pty Ltd

Percentages indicate Chargeurs' percentage of control at June 30, 2016 for companies that are not almost or entirely wholly owned by the Group.

CHARGEURS

RELATED PARTY TRANSACTIONS

A description of related party transactions is provided in Note 20 to the condensed interim consolidated financial statements for the first-half of 2016. Related parties are companies that are up to 50%-owned under cooperation agreements. Chargeurs having significant influence over their management, those companies are therefore accounted for by the equity method. Those companies are industrial and sales companies.

During the first-half 2016, there were no material changes in the nature and volume of related party transactions.

September 08, 2016

CHARGEURS

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I declare that, to the best of my knowledge, (i) the condensed financial statements for the six months ended June 30, 2016 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the consolidated companies, and (ii) the interim management report includes a fair review of significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Paris, September 08, 2016

Michaël FRIBOURG
Chairman & Chief Executive Officer

PricewaterhouseCoopers Audit
63, rue de Villiers
92908 Neuilly-sur-Seine Cedex

BRSW
65, rue de la Boétie
75008 Paris

Statutory Auditors' Review Report
on the Interim Financial Information

This is a free translation into English of the Statutory Auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking readers. This report also includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

To the Shareholders,
CHARGEURS
112, avenue Kléber
75116 Paris

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Chargeurs, for the six months ended June 30th, 2016;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information provided in the interim management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris, September 08, 2016
The Statutory Auditors
French original signed by:

PricewaterhouseCoopers Audit	BRSW
Eric Bertier	Virginie Coniau