CHARGEURS

Previously deployed value creation models have been seriously challenged by the financial crisis that began in 2008. The new balance of power between Europe, the United States and Asia is impacting every company operating in the global marketplace, including Chargeurs.

Chargeurs is positioned in businesses that serve the construction and textile industries. In the latter, there has been a clear, relatively steady shift towards both higher sales of standard products made in Asia and demand for more premium products in Europe, requiring greater innovation, quality and service. Chargeurs had long identified this underlying trend. Deploying a responsible process that respected the expectations of our customers, the needs of our employees and the interests of our shareholders, we consistently responded to this new global market configuration by effectively aligning our manufacturing base with market realities and the need to remain competitive. This process led to the redeployment of production resources to Asia and the scaling back of European capacity.

The breath and depth of the crisis and the ensuing steep fall-off in business caused this market shift to suddenly accelerate.

Chargeurs responded to the 2008 economic crash in three stages. The first, which began in April 2009, was to implement a plan to align the production base with contracting demand, with the goal of reducing the businesses’ fixed costs by one third or €17 million on a full-year basis. The related initiatives led to significant reductions in the workforce.

Thanks to these drastic measures, the businesses returned to operating profit in September, with the prospect of sharply improving operating profit in 2010.

The second step was to consolidate our financing, after the difficulties created by the loss of business and the resulting restructuring costs. Negotiations initiated with the partner banks during the summer led, on December 29, 2009, to the restructuring of €80 million debt thereby extending the life of our short-and medium-term debt by two years. The negotiations were based on the results of the measures taken in the first half of 2009 and the outlook for the three businesses, as reflected in their business plans.

The third step, completed on March 29, 2010, was to strengthen our equity base by issuing €23 million in convertible bonds.

This stronger capital base has given the Group the resources needed for the businesses to pursue their strategies with a sharper focus on their respective core strengths:

Chargeurs Protective Films: increase its value through organic growth in promising European markets where it already holds the undisputed position of leader.

Chargeurs Interlining: complete and leverage its transition to an Asian base through a capital tie-up.

Chargeurs Wool: drive continuous improvement in liquidity through rigorous contract selection.

"Thanks to its responsiveness, in 2009, Chargeurs effectively withstood the unprecedented crisis.

Refocused on its core strengths and with a stronger balance sheet, the Group is looking to the future with renewed confidence."

Eduardo Malone,
Chairman and Chief Executive Officer

today

WORLDWIDE GROUP
2009 REVENUES: €451.6 MILLION
OF WHICH 94% OUTSIDE FRANCE
LEADER IN THREE BUSINESSES:

Protective Films
European leader
Innovation, quality and service

Interlining
World leader
Strong Asian presence

Wool
World leader
in combed wool sales

2,325 EMPLOYEES
34 COUNTRIES

tomorrow

Build on Chargeurs Protective Films' strong presence in Europe to gain new market share, particularly in the buoyant East European construction market.

Leverage Chargeurs Interlining's technical expertise in China – the world's workshop – and make the country the focus of the business' future growth.

Optimize Chargeurs Wool's performance by drawing on its innovative financial engineering capabilities.

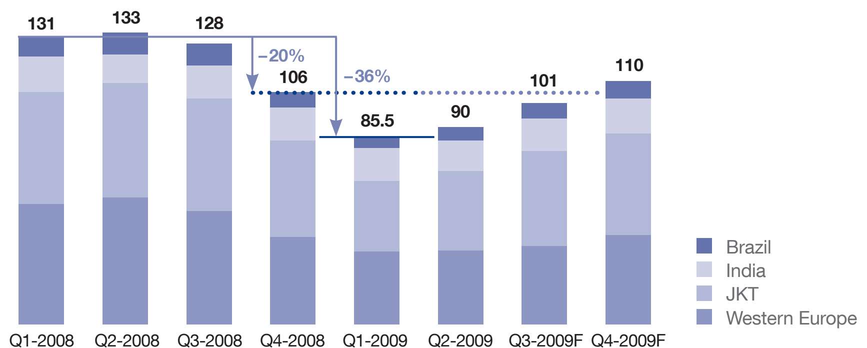
today

CHARGEURS PROTECTIVE FILMS

Chargeurs Protective Films designs and manufactures self-adhesive films for the temporary protection of industrial surfaces. Used mainly by the building materials industry but also by household appliance and automobile manufacturers, these films enable customers to optimize the value of their products by ensuring that they retain an impeccable finish during every phase of the production and storage process.

In 2009, fallout from the global financial and economic crisis severely affected the residential and commercial construction markets, which declined by 40% in North America, 30% in Europe and 5% in Asia. As a result, Chargeurs Protective Films' revenue dropped by nearly 38% in the first half under the combined impact of contracting markets and inventory drawdowns across the industry. The downtrend eased to 20% in the second half, helped by a 6% year-on-year increase in the fourth quarter as the markets started to recover. With industry overcapacity reaching an estimated 20%, Chargeurs Protective Films responded swiftly by mothballing a production line, which reduced fixed costs by a third.
The €2.8 million operating loss, on revenue of €142.3 million, was attributable to the cost of measures to right-size production capacity. Excluding restructuring costs, the year would have ended with a profit of €1.9 million, attesting to these measures' effectiveness.

Steel production: a gradual recovery
(Source: WorldSteel, Macquarie Research, August 2009)



Strengthened leadership in Western Europe and growth led by vibrant building materials markets in Eastern Europe

tomorrow

Looking to the future, Chargeurs Protective Films intends to leverage its leadership positions in Europe to consolidate its growth in the region. It will focus on high-value added segments and on expanding its offer in Eastern Europe, in order to capitalize on the vibrant construction and renovation markets.

It will also develop its niche businesses, notably in the automobile and electronics industries.

With surface protection demand expected to return to its pre-crisis growth trend of around 4% a year, Chargeurs Protective Films is committed to at least keeping pace with the market.

today

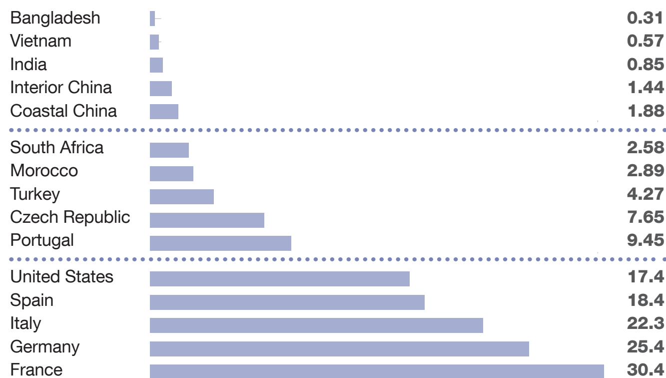
CHARGEURS INTERLINING

The world leader in garment interlining, Chargeurs Interlining has a broad geographic footprint that enables it to locally serve garment makers around the world. It 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.

Plummeting apparel sales in most Western countries caused an abrupt slowdown in the garment-making industry and, further upstream, in the textile business in 2009. Even Asia, the main supplier to the US market, was affected. The fall-off in orders was accompanied by large-scale inventory draw-downs throughout the textile industry. The apparel market contracted by around 30%, with some customers experiencing drops of up to 50%. The resulting global overcapacity triggered a price war that Chargeurs Interlining withstood, thanks in part to the competitive cost base of its Asian plants. 2009 revenue nevertheless contracted by 25% to €165.7 million and restructuring costs of €14.6 million contributed to a €16.9 million operating loss for the year. Chargeurs Interlining responded very quickly to the market contraction by sharply cutting back production capacity in Europe, with the closure of four plants (three in the Czech Republic and one in France) and capacity reductions at three other plants in France. At the same time, capacity was increased in Asia.

Comparative labor costs in the textile industry: a vitally important shift towards Asia

(in dollars per hour)



(Source : Werner 2008)

tomorrow

Going forward, Chargeurs Interlining will accelerate and complete its transition to an Asian base, with a focus on China to capitalize on its fast growing domestic and export markets. In recent years, apparel for the European and American markets has increasingly been sourced in Asia, a process that has gained new momentum with the crisis.

Eventually, Chargeurs Interlining may take advantage of Asian financial markets, where investors appreciate textile stocks, to bring its market value more in line with its underlying value.

Chargeurs Interlining in Asia:
12 production and distribution units
48% of employees

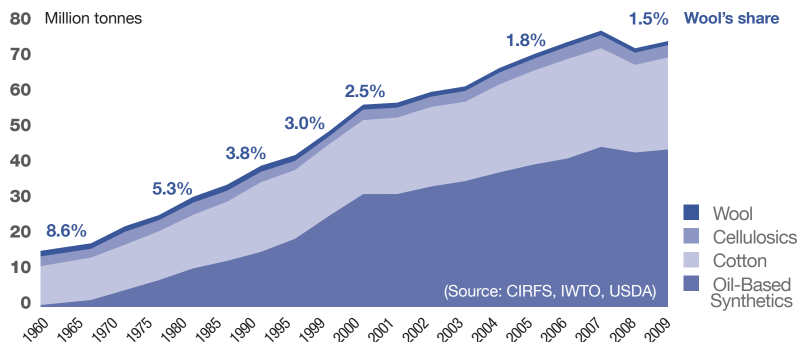
today

CHARGEURS WOOL

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

In a business environment shaped by structural over capacity, Chargeurs Wool took radical action to refocus the business on two competitive combing mills in Uruguay and China. The wool market fell sharply in 2009 due to plummeting apparel sales, mainly in Europe and the United States.
Chargeurs Wool reported revenue of €144 million for 2009, a 23% decline on 2008 that primarily reflected lower raw wool prices and, to a lesser extent, a decrease in volumes. Despite a challenging market environment, Chargeurs Wool broke even at the operating level, attesting to the business's resilience. Signs of recovery began to appear at the end of 2009, particularly in Europe. Chargeurs Wool's presence in China had a positive impact, as demand in Asia did not decline as far as in other regions. Indeed, China has become a major market player across the chain, from combing to garment making, and is currently the world's largest buyer of wool.

World consumption of major textile fibres (mill consumption - all end products): reduction in wool as a percent of total textile fibers



tomorrow

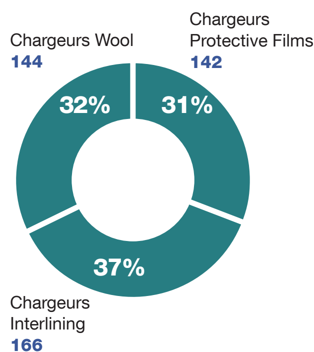
In the coming years, Chargeurs Wool's right-sized organization should drive a return to operating profit. This target will be met by emphasizing margins over volumes and by increasingly locking in contracts.

Financial highlights

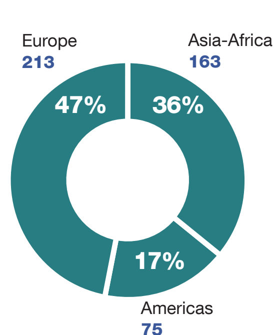
(in euro millions)	2009	2008
Revenue	451.6	599.2
Operating loss	(22.6)	(35.3)
Attributable Net loss	(45.9)	(59.8)
Cash flow = net profit before depreciation, amortization and provision expense	(14.9)	+0.8
Net debt	89.1	84.7

GROUP PROFILE – Chargeurs is a global, diversified group with leadership positions in niche markets, both in manufacturing and in services. It is currently operating in surface protection, with Chargeurs Protective Films, in technical textiles, with Chargeurs Interlining, and in raw material processing, with Chargeurs Wool.
In 2009, consolidated revenue totaled €451.6 million, of which 94% was generated outside France. Chargeurs employs 2,325 people in 34 countries.

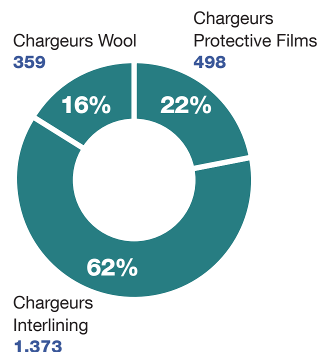
Revenue by business
(in euro millions)



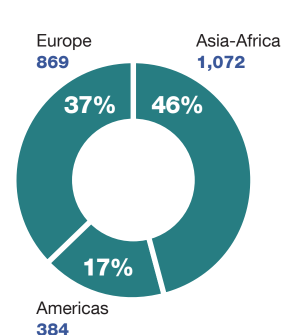
Revenue by region
(in euro millions)



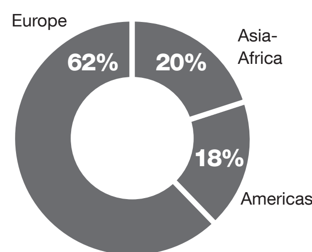
Employees by business
(at December 31, 2009)



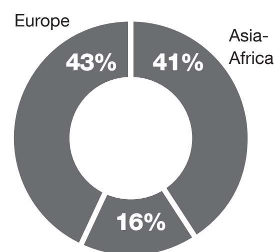
Employees by region
(at December 31, 2009)



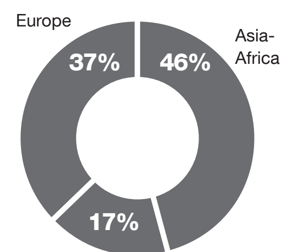
For each business: Breakdown of revenue by region



Chargeurs Protective Films



Chargeurs Interlining



Chargeurs Wool

Investor information

CHANGES IN SHARE CAPITAL

Number of shares outstanding at January 1, 2009	**10,377,097**
Number of shares outstanding at December 31, 2009	**10,377,097**

After the reduction in the shares' par value approved by shareholders at the General Meeting on February 8, 2010 and effective from March 8, 2010, the company's capital amounts to €1,660,335.52, divided into 10,377,097 ordinary shares with a par value of €0.16.

TREASURY STOCK

(article L. 225-211 of the French Commercial Code)

Number of shares held in treasury as of December 31, 2008	**13,334**
Number of shares held in treasury as of December 31, 2009[1]	**13,334**
	representing 0.1% of the capital

(1) Total cost: €230,851.35, representing an average price per share of €17.31.

As of December 31, 2009, the company also held 103,000 Chargeurs shares purchased under the liquidity contract in effect between May 16, 2007 and November 5, 2009. These shares, representing 1% of the capital, were purchased at a total cost of €972,436, representing an average price per share of €9.44. At the General Meeting held on February 8, 2010, shareholders authorized the signature of a new liquidity contract.

NUMBER OF CHARGEURS SHARES HELD BY SUBSIDIARIES

As of December 31, 2009: 0.

MARKET FOR THE COMPANY'S SHARES

Chargeurs shares are traded on the NYSE Euronext Paris stock market (ISIN: FR000013069).

DIVIDENDS

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

(in euros per share)	**2009**	2008	2007
Dividend	0	0	0.65

SHAREHOLDERS OWNING MORE THAN 5% OF SHARE CAPITAL

(at December 31, 2009)	Number of shares	% interest	% voting rights
Pathé[1]	2,734,035	26.35	26.11
Ojej[1]	41,000	0.40	0.50
Jérôme Seydoux	1,341	0.01	0.03
Sofi Emy[2]	655,195	6.31	6.26
Eduardo Malone	7,163	0.07	0.07
The Baupost Group[3]	1,245,371	12.00	11.89
La Financière de l'Échiquier	641,900	6.19	6.13
HMG Finance	544,255	5.24	5.20

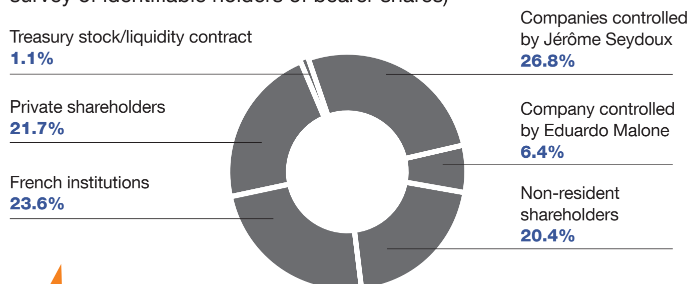
(1) Companies controlled by Jérôme Seydoux.
(2) Company controlled by Eduardo Malone.
(3) US investment fund.

Jérôme Seydoux, Eduardo Malone and the companies that they control together hold 33.14% of Chargeurs' capital and 32.95% of the voting rights which are exercised in concert.

TRADING IN CHARGEURS SHARES BY MANAGEMENT

On March 9, 2009, Ojej – a company controlled by Jérôme Seydoux – purchased 30,000 Chargeurs shares.

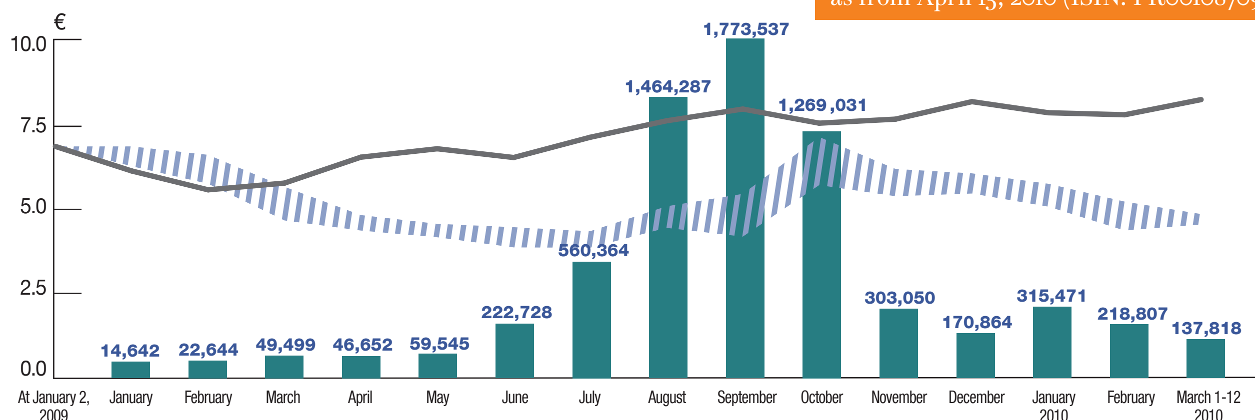
OWNERSHIP STRUCTURE (based on the January 29, 2010 TPI survey of identifiable holders of bearer shares)



From March 15 to 29, 2010, **subordinated convertible bonds** were issued with preferential subscription rights in a total amount of €22.8 million. The issue was subscribed 1.8 times. Conversion of all of the bonds would lead at maximum to the issue of 13,282,656 new shares. These bonds have been traded on Euronext Paris as from April 15, 2010 (ISIN: FR0010870931).

SHARE PERFORMANCE (COMPARED WITH THE SBF 250)

- Chargeurs shares (monthly highs and lows)
- SBF 250 index (base €7 on January 2, 2009)
- Monthly trading volume



Sustainable development

ENVIRONMENTAL REPORT

Introduction

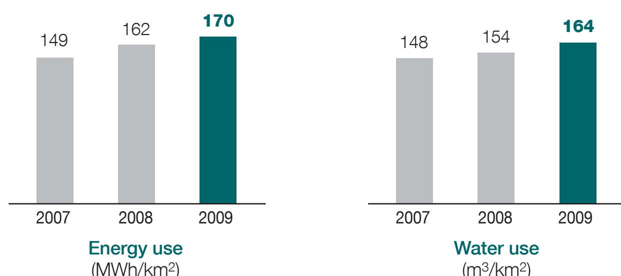
As part of the Group's risk management policies, the Managing Directors of the subsidiaries have signed the Chargeurs Environmental Charter, comprising guidelines on anticipating and preventing environmental risks, as well as a set of short, medium and long-term objectives. Progress towards meeting these goals is monitored at quarterly intervals by the Group Risks Committee.
In 2009, environmental data were collected at the 18 primary production plants operated during the year (3 Protective Films plants, 13 Interlining plants and 2 Wool plants). These raw data were then used to calculate indicator performance for the year. Most of the data reported below are expressed on a unit-of-production basis, corresponding to one square kilometer of film or fabric for the Protective Films and Interlining businesses, and one tonne of combed wool for the Wool business.
The same criteria have been applied as in 2008, allowing direct year-on-year comparisons.

Results

CHARGEURS PROTECTIVE FILMS

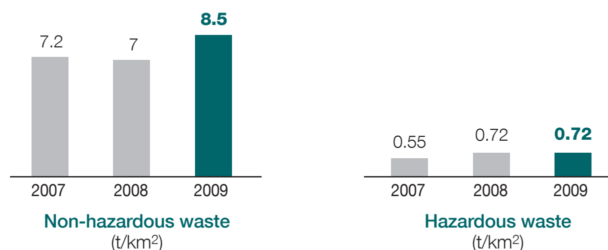
Energy and water use

The increases of 5% in energy use and 6% in water use were mainly attributable to the higher proportion of printed films and to a decline in energy efficiency as the fall-off in volumes during the year led to stop-and-start production runs.



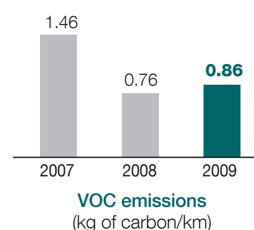
Waste production

Non-hazardous waste production increased by over 21%, while hazardous waste production remained flat.
The use of semi-finished products held in inventory led to higher volumes of trim waste.
As for energy and water use, stop-and-start production was the key factor behind the increase in waste.



Volatile organic compound (VOC) emissions

VOC emissions rose by 13% due to the frequent production stops.



Environmental initiatives and management

Two people are employed full-time to deal with environmental, health and safety issues in France and one person in Italy, while one person devotes a quarter of their time to these issues in the United States.
The French plant strengthened its environmental management system in order to maintain its ISO 14001 certification earned in 2008. The plant made a major advance in reducing its environmental footprint by connecting the solvent recovery unit to the public wastewater system, allowing the treatment of wastewater previously discharged into the natural environment. A pretreatment unit had to be installed on-site and carefully monitored to ensure that the wastewater complied with the regulations governing discharges into the public wastewater system.
The Italian plan maintained its ISO 14001 and OHSAS 18001 certifications.
Overall, Chargeurs Protective Films' water use, energy use and hazardous waste indicators reflected the impact of lower volumes and stop-and-start production during the year, while the priority given to using products in inventory also led to an increase in non-hazardous waste.

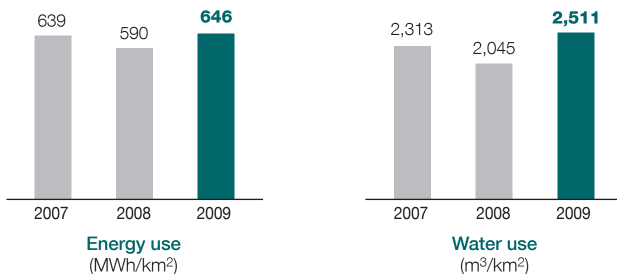
Compliance with REACH legislation

In 2009, the European units of the Protective Films and Interlining businesses verified that their suppliers had pre-registered all of the chemicals they use and that none of these chemicals contained SVHC substances in concentrations exceeding 0.1% w/w. This information is provided to customers on request.

CHARGEURS INTERLINING

Energy and water use

Energy and water use rose by 9% and 22.7% respectively in 2009, due to the inefficiencies caused by the periods of capacity under utilization that were a consequence of the exceptional market conditions in 2009.



Waste production

Non-hazardous waste production remained stable, but hazardous waste production increased by 24%, mainly due to the more frequent cleaning required after the smaller production batches.

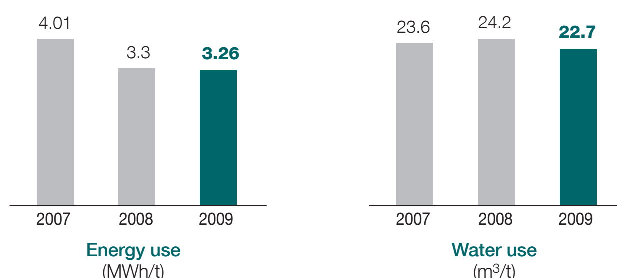
Environmental initiatives and management

In 2009, an average of one full-time equivalent employee was assigned to environmental, health and safety management at each site.

CHARGEURS WOOL

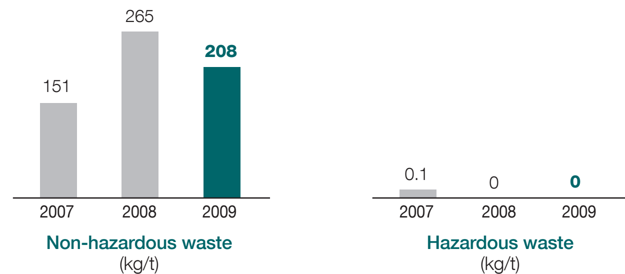
Energy and water use

Energy use per tonne produced was stable compared with 2008, while water use per tonne fell by 6.2%.

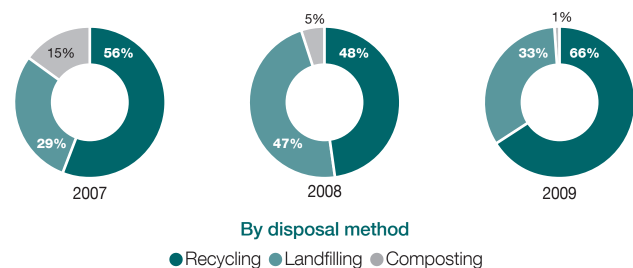


Waste production

The quantity of non-hazardous waste generated per unit produced fell by 21.5% and no hazardous waste was generated.

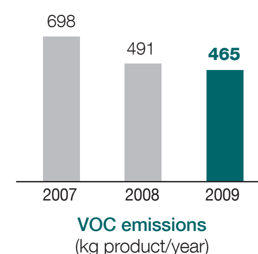


The breakdown by disposal method changed due to the sale or closure of a number of mills.



Volatile organic compound (VOC) emissions

Volatile organic compound (VOC) emissions continued to fall, dropping 5.3% in 2009.



Environmental initiatives and management

The combing mill in Uruguay continued to introduce an ISO 14001-compliant environmental management system, and should earn certification in November 2010 along with OHSAS 18000 certification of its occupational health and safety management system. The China mill maintained its ISO 14001 and ISO 9000 certification. Both units have been awarded the Global Organic Textile Standard (GOTS) label and the ÖKo-Tex 100 ecolabel.

Employee information

For Chargeurs, sustainable development means deploying resources and implementing action plans to efficiently manage the present and guarantee the Group's long-term viability. The global economy was thrown into deep turmoil in 2008, leading to a sudden steep fall-off in demand in the Group's businesses in November, which continued to take its toll in the first half of 2009. In response, drastic measures were undertaken to rightsize Interlining and Protective Films capacity in France and to discontinue Interlining production in the Czech Republic.

Employees

At December 31, 2009, the Group had 2,325 employees, 13% fewer than at year-end 2008. The decline mainly reflected decreases of 16% at Chargeurs Interlining and 13% at Chargeurs Protective Films, following downsizing measures in France and the Interlining business's withdrawal from the Czech Republic. Groupwide, employee numbers were down by 23% in France and by 35% in the rest of Europe. The Asia-Africa region now accounts for 46% of the total workforce, with the 740 employees in China representing 32% of the Group total versus 27.3% at end-2008. Operations in France employed 25% of the total workforce at year-end 2009.
Of the total workforce, 29.9% are women, compared with 30.5% in 2008. The proportion is 32% at Chargeurs Interlining, 30% at Chargeurs Wool and 18% at Chargeurs Protective Films.
Temporary staff represented 4.9% of the workforce in 2009.

Compensation

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

Directors' compensation

In accordance with the Act of July 3, 2008, the following information is based on France's corporate governance code and AFEP-MEDEF guidelines on the disclosure of corporate officers' compensation packages.
The total gross base compensation paid to Eduardo Malone, Chairman and Chief Executive Officer, by Group companies amounted to €452,561 in 2009 and €547,171 in 2008.
The 2009 and 2008 amounts included €350,000 in salary and €91,469 in directors fees, as well as the use of a company car, valued at €11,092 in 2009 and €10,702 in 2008.
Mr Malone's incentive bonus is tied to Group earnings and represents a percentage of his base salary, as determined by the Board of Directors. No bonus was paid to him in 2009 because the Group reported a loss in 2008. The bonus paid in 2008 based on 2007 earnings amounted to €95,000.

The gross base compensation paid in 2009 to Jérôme Seydoux, Vice-Chairman and Chief Executive Officer, amounted to €50,000, comprised entirely of salary and unchanged from 2008. The total fees awarded to the members of the Board of Directors for 2009 amounted to €30,000. Eduardo Malone and Jérôme Seydoux do not receive any fees in their capacity as Directors of Chargeurs.

Training

Management is more than ever committed to giving employees the opportunity to improve their skills. In line with the Group's decentralized structure, training programs are the responsibility of the Directors of the individual units. The number of employees who received training declined to 33% of the workforce in 2009 from 36% in 2008, but the average number of training hours increased year-on-year.

Safety

The risk management policy implemented at each stage of the operating process places considerable emphasis on employee safety. The frequency rate improved to 9.69 from 10.57 in 2008 and the severity rate fell to 0.37 from 0.82.
In the textile businesses, the average worldwide frequency rate stood at 6.43, compared with 33.77 for the textile industry in France, where safety regulations are often stricter than in many other countries. The average worldwide severity rate was 0.45, compared with 1.72 for the textile industry in France. At Chargeurs Protective Films, the average frequency rate was 21.37 and the average severity rate was 0.74, compared with chemical/rubber/plastics industry averages of 19.96 and 1.04 respectively.

Social dialogue

In connection with its decentralized, empowered organization, Chargeurs has always been strategically committed to promoting social dialogue, especially with employee representatives.
In France, for example, the proportion of trade union representatives has remained unchanged for many years despite the downsizing programs, at around 4% of the workforce.
Local employee representation is backed by a Group Works Council in France and a European Committee for Social Dialogue designed to promote constructive exchanges of views between the Executive Committee and employee representatives across Europe.

Human resources indicators

Employees	Definition	Measurement unit	Scope	31/12/08	31/12/09
Total employees	Employees on the payroll at December 31	Employees under permanent and fixed-term contracts	World	2,671	2,325
Use of temporary staff	Temporary staff	% of total employees under permanent and fixed-term contracts	World	3.3%	4.9%
Employees by business	Group employees by business	– Headquarters	World	12	12
		– Chargeurs Protective Films	World	573	498
		– Chargeurs Interlining	World	1,633	1,373
		– Chargeurs Wool	World	350	359
		– Other	World	103	83
Employees by region	Group employees		– France	740	572
			– Rest of Europe	460	297
			– Asia-Africa	1,065	1,072
			– Americas	406	384
	Chargeurs Protective Films		– Europe	79%	79%
			– Asia-Africa	5%	6%
			– Americas	16%	15%
	Chargeurs Interlining		– Europe	44%	33%
			– Asia-Africa	45%	54%
			– Americas	11%	13%
	Chargeurs Wool		– Europe	5%	5%
			– Asia-Africa	58%	60%
			– Americas	37%	35%
Gender parity	Group employees	Number of men	World	1,857	1,629
		Number of women	World	814	696
		Percentage of women	World	30.5%	29.9%

Training	Definition	Measurement unit	Scope	31/12/08	31/12/09
Numbers of persons trained	Employees who attended at least one training course	% of total employees	World	36%	33%
Training hours	Time spent in training by employees who attended at least one training course	Average training hours per person	World	17 hours	22 hours

Safety	Definition	Measurement unit	Scope	31/12/08	31/12/09
Accidents	Frequency rate: number of occupational accidents per million hours worked	Occupational accidents resulting in at least one day lost time	World	10.57	9.69
Absenteeism due to occupational accidents	Severity rate: number of days' absence per thousand hours worked	Days lost due to an occupational accident	World	0.82	0.37

Compensation	Definition	Measurement unit	Scope	31/12/08	31/12/09
Payroll costs	Annual payroll costs recorded in the accounts (in euros millions)	Employees of fully consolidated companies worldwide	World	80.00	72.80

Chairman's report on corporate governance and internal control

References

The Group's corporate governance and internal control practices and procedures are based on the general principles of internal control defined by the French securities regulator (*Autorité des Marchés Financiers*) in its February 25, 2008 document entitled *"Cadre de référence du contrôle interne: Guide de mise en œuvre pour les valeurs moyennes et petites"*, which provides internal control reference guidelines for small- and mid-cap companies.

Board of Directors

MEMBERS

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

ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors, comprising the Chairman and four directors, meets four times a year: twice to examine the interim and annual financial statements, once to review Group strategy in relation to the budget and the 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. The work of the Board is supported by that of the Finance Committee, which meets once a month.

The compensation paid to the Chairman and Chief Executive Officer by Group companies is set by the Board of Directors. His incentive bonus is tied to Group results and represents a percentage of his base salary. In light of 2009 results, no bonus will be paid to him in 2010.

Audit Committee

In application of article L. 823-19 of the French Commercial Code, an Audit Committee was set up on December 3, 2009 to help the Board fulfill its responsibilities in approving the annual consolidated financial statements. Made up of three Directors, the Committee will focus on two main missions: i) examining issues related to the preparation and control of accounting and financial information, and ii) monitoring the effectiveness of internal control systems.

Internal control

DEFINITION

Internal control is a system that a company defines and implements under its own responsibility to provide reasonable assurance concerning:

– Compliance with laws and regulations.

– Implementation of the instructions and guidelines set by senior management or the Board of Directors.

– Efficient operation of the company's internal processes, particularly those contributing to the protection of its assets.

– Reliability of financial reporting.

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

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

COMPONENTS OF THE INTERNAL CONTROL SYSTEM

An efficient organization

The Group is organized around a lean holding company structure, core businesses each with their own small holding company team, and a large number of operating subsidiaries. Empowering the operating companies is a fundamental principle at Chargeurs and one that is made possible by efficient information systems that provide the holding company with high quality financial information, detailed information to understand its businesses and how they generate earnings and cash, and the means to swiftly identify risks. In recent years, the rollout of the "Dolly" model has placed risk identification and management at center stage.

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

Chargeurs is engaged in several very different businesses and has operations around the world. To take into account this diversity and the specificities of the Dolly model, we have implemented organizational measures designed to manage the risks that are likely to have a material adverse effect on our earnings, assets and commitments. The cornerstones of the system are:

– Empowerment and accountability: the Chairmen and Managing Directors of the subsidiaries have full responsibility for managing their units.
– Short lines of communication.
– Regular reporting on strategic issues.
– Group insurance programs covering all insurable risks.
– An Insurance Risk Management Committee, with the participation of the Risk Managers of the core businesses.
– Groupwide intranet access to operational procedures and rules.

A system to map and analyze the main identifiable risks

Every month, the Executive Committee pinpoints mission-critical issues and designates the closest, most capable 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 macroeconomic risks specific to each of our host countries. The consultants periodically present their findings to the Executive Committee and model certain specific risks when requested by one of our businesses.
From time to time, Chargeurs retains the services of specialized firms to either perform key analyses or temporarily support its operational teams when critical projects are being implemented.
This organization places the Executive Committee at the center of the risk management process.

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 73 consolidated companies.
Reflecting our deep-rooted culture of producing high quality financial information, back in 1980, we were one of the first companies in France to set up a monthly management reporting system based on the same accounting standards used to produce the statutory consolidated financial statements. Over the years, this process has been improved and, since 2000, management and statutory reporting data are 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 2008 and 2009, a review was undertaken with a view to selecting a new software application to replace the one in use. The new program has now been configured and will be installed in 2010.
Each subsidiary's Managing Director and Finance Director send me comments on their monthly results, presented in a standard format.
The results of each business are reviewed every month at a meeting with the business' Managing Director, which I lead. Annual earnings forecasts are immediately updated to reflect the impact of any significant new developments.

Control procedures sized to address the challenges of each process

Accounting and financial risks

Since 2003, the main management processes have been analyzed in order to document and map financial statement risks, the related potential financial impact and the internal controls in place to contain them.
As part of this exercise, each core business has identified the three or four most sensitive processes and reviewed the highest risk transactions within each one. The procedures in place to manage and control these transactions have also been identified.
These analyses serve to prioritize future measures, representing the starting point for the Group's drive to strengthen control over its processes.

Operational risks

The measures launched in 2008 to preserve the value of Chargeurs' assets were continued in 2009, focusing primarily on aligning production capacity with the new market conditions in order to rapidly return all of the businesses to operating profit.

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 integrated internal audit teams and therefore generally relies on local specialized firms in each region.
During 2009, Chargeurs updated its administration and finance manual for application 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.

The internal control situation at the end of 2009

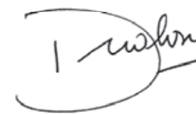
I believe that internal control procedures related to the processing and preparation of accounting and financial information at the end of 2009 were appropriate considering the Group’s characteristics. As these characteristics make in-depth testing of our processes very costly, few such tests are currently performed. Further investments will be committed in coming years in this area.
The 2010 action plan is based on the following strategic priorities:
– Rollout of the new reporting and consolidation software, supported by training for all of the Group’s financial controllers.
– Distribution and implementation of the new administration and finance manual.
– Systematic update of the risk map.

Shareholder participation in General Meetings

Article 19 of Chargeurs’ bylaws, relative to attendance and representation at General Meetings, provides that:
– Shareholders may give proxy to their spouse or another shareholder in accordance with the applicable laws and regulations.
– Minors and incapacitated persons may be represented by their legal guardian or conservator, and companies and other legal entities may be represented by a person with power of attorney or other authority, in accordance with the applicable laws and regulations. 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

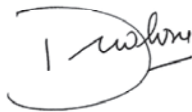
None of the items mentioned in article L. 225-100-3 of the French Commercial Code is likely to have an impact in the event of a public tender offer, except for the following:
– The Company’s capital structure, as described in the Report of the Board of Directors presented at the Annual General Meeting 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 2010

Statement by the person responsible for the annual financial report

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



Eduardo Malone,
Chairman and Chief Executive Officer
March 2010

Report of the Vice-President, Finance

2009 financial review

2009 RESULTS

Consolidated revenue

Revenue for the year totaled €451.6 million, a decrease of 23.5% from 2008 based on a comparable scope of consolidation (excluding discontinued operations). If discontinued operations are included, revenue amounted to €455.6 million, down 24% on 2008.

All of the Group's businesses experienced a fall in revenue, reflecting the impact of last year's economic and financial crisis on unit sales. Nearly 80% of the revenue decline was due to lower volumes, particularly in the first half of the year.

Revenue by business

Chargeurs Protective Films' revenue fell by 25.7% over the year, reflecting sharply lower sales in the first half followed by an upturn in the second. Quarterly changes were as follows:

Quarter	1	2	3	4
Year-on-year change	–36.3%	–34.8%	–25.3%	6.0%

Revenue for Chargeurs Interlining ended the year down 25.1% from 2008, with quarterly changes as shown below:

Quarter	1	2	3	4
Year-on-year change	–27.9%	–23.6%	–23.0%	–11.8%

Chargeurs Wool's revenue contracted by 23.4%. Over 70% of the fall was due to a negative price effect, as the wool market hit the bottom of the price cycle in 2009.

Sales generated outside France represented 93.8% of the consolidated total. The weighting of the main geographic markets confirmed the trends observed in prior years. China reaffirmed its position as the largest market, accounting for 21% of total revenue in 2009. Italy remained the second largest market, contributing close to 17% of revenue and Germany was once again the third largest with 9.4%, while the United States represented 9%. Along with France, these four markets together accounted for 62.6% of total revenue.

Operating profit

Chargeurs Protective Films' ended the year with an operating loss of €2.8 million, due to the cost of restructuring measures implemented in response to falling unit sales. Excluding these non-recurring costs, the business would have ended the year with an operating profit of €1.9 million.

Chargeurs Interlining continued to realign its manufacturing facilities in Europe, leading to €14.6 million in non-recurring costs which seriously affected profitability. These costs were the main reason for the business's operating loss of €16.9 million for the year.
Excluding the impact of the reorganization measures, Chargeurs Interlining would have ended the year with an operating loss of €2.3 million.

Chargeurs Wool reported an operating profit of €0.1 million, after taking into account non-recurring expenses of €3.1 million.

Finance costs and other financial income and expense, net

Finance costs and other financial income and expense represented a net expense of €9.2 million, versus €11.5 million in 2008, and comprised both finance costs and receivables factoring costs. The year-on-year improvement was directly attributable to the decrease in borrowings resulting from the reduction in working capital requirement.

Share of profits/(losses) of associates

The Group's share of profits and losses of associates was a negative €2.5 million in 2009 versus a negative €7.9 million in 2008 which included the losses of Fashion Company.

Income tax expense

Income tax expense for 2009 amounted to €10.0 million, compared with €5.8 million the previous year. The increase was mainly due to two factors:
– Income tax expense for 2008 was stated net of the €7.6 million proceeds from the no-recourse sale of withholding tax receivables but included €10 million in valuation allowances recorded on deferred tax assets.
– In 2009, the expectation of a fall-off in business led the Group to revise its forecasts of future taxable profits and consequently to record €7.3 million in valuation allowances on deferred tax assets for tax loss carryforwards.

Net loss

The Group ended the year with a net loss of €45.9 million, versus a €59.8 million loss in 2008.
The 2009 loss reflects the following non-recurring items:
– Reorganization costs, provisions and impairments that deepened the businesses' operating losses by €21.4 million.
– Valuation allowances of €7.3 million on deferred tax assets corresponding to tax loss carryforwards.
– Other non-recurring expenses for a total of €4.8 million.

Significant events

During the year, the Group sold its remaining 50% stake in Fashion Company.
In addition, the process for the sale of Creat, Laina and FGC was initiated, leading to these companies being reclassified under "Assets held for sale".

BALANCE SHEET AND FINANCIAL MANAGEMENT

The discussions undertaken in 2009 with certain banking partners enabled the Group to reschedule and extend the average life of its debt. As a result, long-term borrowings represented 68% of total debt at December 31, 2009, compared with 29% at the previous year-end.
Net debt at December 31, 2009 amounted to €89.1 million, compared with €84.7 million at the previous year-end, including net bank debt (excluding finance lease liabilities) of €64.5 million versus €66.3 million.
The discussions with the banks will be completed following the convertible bond issue for at least €22 million to be launched in the first quarter of 2010.
Faced with excess manufacturing capacity in Europe, the Interlining business had to cut its operating costs in response to the lower volumes.
As part of this process, certain operating leases were converted into finance leases. This had the effect of increasing property, plant and equipment (before depreciation) and finance lease liabilities by €10.3 million. However, in view of the assets' value in use, a €7.3 million provision for impairment was also recorded in the interests of prudence.
Together, the various Chargeurs companies had cash and cash equivalents of €55.9 million at December 31, 2009 compared with €57.8 million at the previous year-end.

PARENT COMPANY FINANCIAL STATEMENTS

The parent company's operating loss amounted to €4.2 million in 2009, consisting of expenses.
Finance costs and other financial income and expense represented a net expense of €46.8 million. The total included €48.9 million worth of provisions to align the carrying amount of securities held by the Company with the market situation at the year-end.
Non-recurring items represented a net expense of €1.4 million.
The company reported a pre-tax loss of €52.4 million.
A tax benefit of €0.3 million was recorded, corresponding to group relief.
The company ended the year with a net loss of €52.1 million.
The total amount of trade payables (€0.5 million at December 31, 2009) is due within sixty days.

Christophe Pothier,
Vice-President, Finance
March 2010

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CONSOLIDATED BALANCE SHEET

At December 31 (in euro millions)

ASSETS

	2009	2008	2007
Non-current assets			
Property, plant and equipment (note 5)	61.4	71.4	89.4
Intangible assets (note 6)	67.5	70.3	63.7
Investments in associates (note 9)	17.3	18.0	25.1
Deferred tax assets (note 11)	12.6	20.0	29.2
Non-current financial assets			
– Investments in non-consolidated companies (note 8)	1.5	2.0	3.1
– Long-term loans and receivables (note 10)	7.2	9.3	9.3
Derivative instruments (note 15)			
Other non-current assets (note 12)	3.1	5.3	6.6
	170.6	**196.3**	**226.4**
Current assets			
Inventories and work-in-progress (note 13)	117.0	134.8	155.2
Trade receivables (note 14)	69.1	75.9	82.5
Factored receivables(1)	*45.7*	*64.7*	*82.5*
Derivative instruments (note 15)	1.2	1.3	1.8
Other receivables (note 16)	44.9	59.4	74.9
Cash and cash equivalents (note 17)	55.9	57.8	110.3
	333.8	**393.9**	**507.2**
Assets held for sale	5.8		
Total assets	**510.2**	**590.2**	**733.6**

EQUITY AND LIABILITIES

	2009	2008	2007
Equity (note 19)			
Attributable to equity holders of the parent			
Share capital (note 19)	166.0	166.0	166.0
Share premium account	32.2	32.2	32.2
Other reserves and retained earnings (note 19)	(10.8)	49.9	38.5
Profit/(loss) for the period	(45.9)	(59.8)	15.4
Treasury stock	(1.2)	(1.6)	(0.8)
Translation reserve	(10.1)	(7.6)	(13.9)
	130.2	**179.1**	**237.4**
Minority interests	**6.0**	**6.3**	**5.4**
Total equity	**136.2**	**185.4**	**242.8**
Non-current liabilities			
Long-term borrowings (note 22)	98.5	41.8	56.7
Deferred tax liabilities (note 11)	0.9	1.3	1.4
Pension and other post-employment benefit obligations (note 20)	11.1	12.2	11.5
Provisions (note 21)	5.8	7.2	3.9
Other non-current liabilities	0.3	0.4	0.8
	116.6	**62.9**	**74.3**
Current liabilities			
Trade payables (note 23)	100.8	116.7	157.0
Other payables (note 23)	59.3	55.1	61.5
Factoring liabilities(1)	*45.7*	*64.7*	*82.5*
Current income tax liability	1.2	2.1	2.6
Derivative instruments (note 15)	0.7	2.6	4.7
Short-term portion of long-term borrowings (note 22)	6.4	20.3	26.9
Short-term bank loans and overdrafts (note 22)	40.1	80.4	81.3
	254.2	**341.9**	**416.5**
Liabilities related to assets held for sale	3.2		
Total equity and liabilities	**510.2**	**590.2**	**733.6**

Notes 1 to 38 are an integral part of the 2009 consolidated financial statements.

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

CONSOLIDATED INCOME STATEMENTS

At December 31 (in euro millions)

	2009	2008
Revenue[1]	**451.6**	**599.2**
Cost of sales	(364.1)	(492.7)
Gross profit	**87.5**	**106.5**
Distribution costs	(52.2)	(65.3)
Administrative expenses	(37.1)	(39.6)
Research and development costs	(2.6)	(4.2)
Other operating income and expense	(18.2)	(32.7)
Operating profit/(loss)	**(22.6)**	**(35.3)**
Finance costs and other financial expense	(14.2)	(18.5)
Financial income	5.0	7.0
Finance costs and other financial income and expense, net (note 27)	**(9.2)**	**(11.5)**
Share of profit/(loss) of associates	(2.5)	(7.9)
Pre-tax profit/(loss) for the period	**(34.3)**	**(54.7)**
Income tax expense (note 28)	(10.0)	(5.8)
Profit/(loss) from continuing operations	(44.3)	(60.5)
Profit/(loss) from discontinued operations	(1.7)	
Profit/(loss) for the period	**(46.0)**	**(60.5)**
Attributable to:		
Equity holders of the parent	(45.9)	(59.8)
Minority interests	(0.1)	(0.7)
Earnings/(loss) per share (in euros)		
– Basic earnings/(loss) per share	(4.5)	(5.8)
– Diluted earnings/(loss) per share	(4.5)	(5.8)
Weighted average number of shares outstanding	10,233,366	10,299,975

(1) 2009 revenue before reclassification of discontinued operations amounted to €455.6 million.
In 2008, discontinued operations represented €8.9 million.
Notes 1 to 38 are an integral part of the 2009 consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

At December 31 (in euro millions)

	2009	2008
Profit/(loss) for the period	**(46.0)**	**(60.5)**
Other comprehensive income (expense)	(0.7)	
Exchange differences on translating foreign operations	(2.7)	7.3
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	–	(0.6)
– Cumulative fair value adjustments reclassified to profit or loss	–	3.3
Gains and losses on asset revaluation	–	–
Actuarial gains (losses) on defined benefit plans	–	–
Share of other comprehensive income of associates	–	–
Income tax relating to components of other comprehensive income	–	–
Other comprehensive income for the period, net of tax	**(3.4)**	**10.0**
Total comprehensive income for the period	**(49.4)**	**(50.5)**
Attributable to:		
Equity holders of the parent	(49.1)	(50.6)
Minority interests	(0.3)	0.1

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in euro millions)

	2009	2008
Cash flows from operating activities		
Pre-tax profit/(loss) of consolidated companies	(33.5)	(46.9)
Adjustments (note 31)	19.3	43.6
Income tax (paid)/refunded	(0.7)	4.1
Cash (used by)/generated from operations	(14.9)	**0.8**
Dividends from associates	0.4	1.3
Change in operating working capital	21.7	(21.5)
Net cash from/(used by) operating activities	7.2	**(19.4)**
Cash flows from investing activities		
Acquisitions of subsidiaries, net of cash acquired	(0.1)	(3.3)
Proceeds from disposals of subsidiaries, net of cash sold	–	5.0
Purchases of property, plant and equipment	(2.9)	(8.2)
Proceeds from sales of property, plant and equipment	3.0	10.6
Purchases of other non-current assets	(1.7)	(1.5)
Proceeds from disposals of other non-current assets	–	0.1
Other movements	0.2	0.1
Net cash (used by)/from investing activities	(1.5)	**2.8**
Cash flows from financing activities		
Proceeds from issue of share capital (purchases)/sales of treasury stock	0.1	(0.9)
Proceeds from new borrowings	0.8	0.7
Repayments of borrowings	(6.4)	(26.5)
Dividends paid to equity holders of the parent	–	(6.7)
Net cash used by financing activities	(5.5)	**(33.4)**
Increase/(decrease) in cash and cash equivalents and bank overdrafts	0.2	(50.0)
Cash and cash equivalents and bank overdrafts at beginning of the period	57.8	110.3
Reclassification of cash and cash equivalents under “Assets held for sale”	(1.9)	
Reclassification of cash equivalents under “Receivables”	–	(2.2)
Effect of changes in foreign exchange rates	(0.2)	(0.3)
Cash and cash equivalents and bank overdrafts at period-end	**55.9**	**57.8**

Notes 1 to 38 are an integral part of the 2009 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	Treasury stock	Total equity attributable to equity holders of the parent	Minority interests	Total equity
At December 31, 2007	**166.0**	**32.2**	**56.2**	**(13.9)**	**(2.3)**	**(0.8)**	**237.4**	**5.4**	**242.8**
Issue of share capital							0.0	0.9	0.9
Changes in treasury stock						(0.8)	(0.8)		(0.8)
Dividends paid			(6.7)	(0.2)			(6.9)	(0.1)	(7.0)
Profit/(loss) for the period			(59.8)				(59.8)	(0.7)	(60.5)
Other comprehensive income for the period				6.5	2.7		9.2	0.8	10.0
At December 31, 2008	**166.0**	**32.2**	**(10.3)**	**(7.6)**	**0.4**	**(1.6)**	**179.1**	**6.3**	**185.4**
Issue of share capital							0.0		0.0
Changes in treasury stock			(0.2)			0.4	0.2		0.2
Dividends paid							0.0		0.0
Profit/(loss) for the period			(45.9)				(45.9)	(0.1)	(46.0)
Other comprehensive income for the period			(0.7)	(2.5)			(3.2)	(0.2)	(3.4)
At December 31, 2009	**166.0**	**32.2**	**(57.1)**	**(10.1)**	**0.4**	**(1.2)**	**130.2**	**6.0**	**136.2**

Notes 1 to 38 are an integral part of the 2009 consolidated financial statements.

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1. General information

In 2009, 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 Euronext.

At the end of 2009, the Group decided to rectify the consolidated financial statements for the year ended December 31, 2008 as approved by the Board of Directors on March 5, 2009 and by shareholders at the Annual General Meeting on May 7, 2009, after two errors were detected concerning (i) translation reserves and the carrying amount of inventories of a subsidiary in China and (ii) the method used to recognize actuarial gains and losses on a supplementary pension plan operated by a subsidiary in the United States. The effect of these corrections was a €1.1 million reduction in equity.

The rectified financial statements were approved by the Board of Directors on December 21, 2009.

Tables reconciling the reported and rectified amounts of the main financial statement items for the year ended December 31, 2008 are presented in note 37.

The consolidated financial statements for the year ended December 31, 2009 were approved by the Board of Directors on March 11, 2010 and will be submitted to shareholders for approval on May 6, 2010. All amounts are expressed in millions of euros, unless otherwise specified.

At the Annual General Meeting of May 6, 2010, the Board of Directors has decided to recommend canceling the dividend.

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 2009 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).

Assets and liabilities are measured using the historical cost convention, except for land and buildings – which were revalued at January 1, 2004 –, investments in non-consolidated companies, 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 its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

(a) New standards, amendments to existing standards and interpretations applicable in financial periods commencing on or after January 1, 2009 and affecting the Group:

Adopted by the European Union

Affecting the Group:

– Amendments to IFRS 1 and IAS 27 – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.

– Amendment to IFRS 2 – Vesting Conditions and Cancellations.

– Amendment to IFRS 7 – Financial Instruments: Disclosures.

– IFRS 8 – Operating Segments. Adoption of this standard had no impact on the presentation of the Group's segment information.

– IAS 1 (revised) – Presentation of the Financial Statements.

– IAS 23 (revised) – Borrowing Costs.

– Amendments to IAS 32 and IAS 1 – Puttable Instruments and Instruments with Obligations Arising on Liquidation.

– Amendment to IAS 39 – Reclassification of Financial Assets (effective date and transition).

– May 2008 improvements to IFRSs.

– IFRIC 9 and IAS 39 – Embedded Derivatives.

– IFRIC 14 and IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Not affecting the Group:

– IFRIC 13 – Customer Loyalty Programmes.

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

Adopted by the European Union

Affecting the Group:

– IFRS 3 (revised) – Business Combinations.

– IAS 27 (revised) – Consolidated and Separate Financial Statements.

– Amendment to IAS 39 – Eligible Hedged Items.

– IFRIC 15 – Agreements for the Construction of Real Estate.

– IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.

– IFRIC 17 – Distributions of Non-Cash Assets.

– IFRIC 18 – Transfers of Assets from Customers.

Not affecting the Group (interpretations considered by Management as not relevant to the Group's operations):
- IFRIC 12 – Service Concession Arrangements.
- IFRS 1 (revised) – First-Time Adoption of IFRS.

Not yet adopted by the European Union
- April 16, 2009 improvements to IFRSs.
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.

2.2 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 deconsolidated 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, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill.

If the cost of the acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with minority shareholders

The Group applies a policy of treating transactions with minority shareholders as transactions with parties external to the Group. Disposals to minority shareholders result in gains and losses for the Group that are recorded in the income statement. Purchases from minority shareholders result in goodwill, being the difference between the consideration paid and the acquired share of the subsidiary's net assets.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method and are initially recognized at cost. The Group's investments in associates include goodwill (net of any accumulated impairment losses) identified on acquisition (see note 2.6).

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

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

(d) Non-consolidated companies

Recently-formed distribution companies that individually generate less than €3 million in annual revenue are not consolidated.

The effect on equity of including these companies in the scope of consolidation at December 31, 2009 would be less than €1 million.

2.3 Segment reporting

An operating segment is a group of assets and operations corresponding to a management unit.

Adoption of IFRS 8 did not lead to any material change in the presentation of segment information in the notes to the consolidated financial statements.

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

2.4 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 the Group entities that have a functional currency other than the euro are translated as follows: (i) balance sheet 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 "Minority 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.

2.5 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 fair value adjustments. Capitalized interest corresponds to interest costs, whether on designated borrowings or on other designated sources of finance, 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 assets and restoring the site on which they are located is included in the assets' carrying amount.
Each significant part of an item of property, plant or equipment whose useful life is different from that of the asset as a whole is recognized and depreciated separately.
Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:
– Buildings: 15 to 40 years.
– Plant and equipment: 4, 8, 12 or 20 years.
– Fixtures and fittings: 5 to 10 years.

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.

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 recognized in the income statement and are calculated by comparing the proceeds of the sale with the carrying amount of the sold asset.

2.6 Goodwill and other intangible assets

(a) Goodwill

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

(b) Trademarks and licenses

Trademarks and licenses 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 recognized as an expense 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.
Development costs are amortized over the estimated useful life of the asset concerned.

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 balance sheet corresponds to the gross amount less any accumulated impairment losses.

2.7 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 subcategories: 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 balance sheet date.
In the consolidated balance sheet, these items are recorded under "Derivative instruments" (note 15).

(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 balance sheet date, in which case they are recorded as non-current assets under "Long-term loans and receivables" (note 10) or "Other non-current assets" (note 12).

(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 reported under non-current assets unless Management intends to dispose of them within twelve months of the balance sheet date.
Available-for-sale financial assets correspond to "Investments in non-consolidated companies" (note 8) in the consolidated balance sheet.

(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 22) and "Trade and other payables" (note 23) 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 short maturities and are therefore stated at nominal value.
Financial liabilities hedged by interest-rate swaps qualify for fair value hedge accounting under IAS 39. The gain or loss from remeasuring the hedged financial liability is recognized in profit or loss and is offset by the loss or gain from remeasuring the swap at fair value.

Fair value disclosures

Effective January 1, 2009, the Group adopted the amendment to IFRS 7 concerning disclosures about financial instruments measured at fair value. The amendment requires companies to disclose the technique used to measure financial instruments at fair value, based on the three levels of input 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 presents financial assets measured at fair value by input level. No financial liabilities are measured at fair value (except for derivative instruments).

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

2.8 Derivative instruments and hedges

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

2.9 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.

2.10 Inventories

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

2.11 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. Amortized cost is measured by the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Indications that a receivable may be impaired include any significant financial difficulties encountered by the debtor, the probability of the debtor filing for bankruptcy or a financial restructuring, the risk of default, or if a payment has been missed. 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".

2.12 Cash and cash equivalents

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

2.13 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 the Company's equity share capital (treasury stock), the consideration paid, including directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.14 Borrowings

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

2.15 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 balance sheet 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.

2.16 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 balance sheet 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.

2.17 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.

2.18 Other operating income and expense

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

2.19 Earnings per share

Basic earnings per share are computed by dividing profit attributable to equity holders of the parent by the weighted average number of shares outstanding, representing the number of shares issued less the average number of shares held in treasury or by subsidiaries.
Diluted earnings per share are determined by adjusting basic earnings per share for the dilutive effect of employee stock options or stock warrants from the date on which the options are granted or the warrants are issued, except in cases where the exercise price exceeds the market price of Chargeurs shares.

2.20 Stock options

For stock options granted after November 7, 2002 that vested after January 1, 2005, the options' estimated fair value on the grant date is recognized as an expense, leading to a corresponding increase in equity. For options granted conditional upon the achievement of performance targets, the fair value of the options is expensed over the vesting period.

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 2.6. 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 2009 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 amounted to €11.4 million at December 31, 2009. The recoverability of these assets was assessed based on forecast taxable profit for future years.

3.2 Critical judgments

For several years, the Group has sold receivables under no-recourse agreements. Under French GAAP, the amounts concerned were disclosed in the notes to the consolidated financial statements.
The method of accounting for these sales was changed as a result of the first-time adoption of IFRS in 2005, as explained below.

The notes to the 2005 consolidated financial statements disclosed the following information:

French GAAP

Receivables sold under no-recourse agreements are derecognized. As there are no specific accounting standards under French GAAP dealing with this type of transaction, the accounting treatment used in the parent company accounts (which are still prepared in accordance with French GAAP) is based on the legal form of the transactions and the assets are derecognized when title is transferred. This approach was also applied in the consolidated financial statements prior to the transition to IFRS, as routine commercial transactions carried out in accordance with normal business or industry practice – such as the sale of receivables under no-recourse agreements – were excluded from the scope of application of the joint recommendation issued on November 15, 2002 by the Commission des opérations de Bourse and the Commission bancaire on special purpose entities and asset derecognition (which set down a general principle based on the transfer of the significant risks of ownership of assets).

IFRS

Under IFRS, transfer of title is not the only criterion to be applied. 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.

Chargeurs' teams analyzed the contracts for the sale of the receivables based on these three criteria. In view of the fact that this issue was still being discussed by experts, and no final official position had been taken, it was deemed prudent to keep these receivables on balance sheet and record a corresponding liability for the amount of the cash proceeds received.

In 2006 and 2007, the accounting authorities issued guidance on the circumstances in which sold receivables may be derecognized. The presentation of these items in the 2009 consolidated financial statements is unchanged from 2005, but may change in the future based on amendments to contracts or changes in disposal procedures.

4. Acquisitions – disposals

On October 9, 2009, Chargeurs sold its remaining 50% interest in Fashion Company. The impact of the sale on the 2009 income statement was a negative €0.9 million.

Fashion Company was previously accounted for by the equity method and its disposal therefore had no impact on consolidated revenue.

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, 2008	**8.4**	**34.3**	**35.3**	**8.1**	**3.3**	**89.4**
Additions	–	0.3	7.4	0.9	3.6	12.2
Disposals	(0.9)	(2.1)	(4.7)	(0.4)	(0.4)	(8.5)
Change in scope of consolidation	–	0.1	(1.3)	–	–	(1.2)
Depreciation	(0.6)	(3.0)	(7.1)	(1.6)	–	(12.3)
Impairment	(1.4)	(3.5)	(6.0)	(0.1)	(0.1)	(11.1)
Other	–	–	3.4	(0.5)	(3.0)	(0.1)
Translation adjustment	0.1	0.9	1.6	0.3	0.1	3.0
December 31, 2008	**5.6**	**27.0**	**28.6**	**6.7**	**3.5**	**71.4**

(in euro millions)	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
January 1, 2009	**5.6**	**27.0**	**28.6**	**6.7**	**3.5**	**71.4**
Additions	0.1	0.1	11.1	0.3	1.6	13.2
Disposals	(0.2)	(1.5)	(1.0)	(0.1)		(2.8)
Change in scope of consolidation						0.0
Depreciation		(2.5)	(5.0)	(1.4)		(8.9)
Impairment	(0.6)	(0.1)	(8.2)	(0.1)		(9.0)
Other		0.2	1.8	0.9	(3.0)	(0.1)
Transfers to "Assets held for sale"		(0.2)	(0.3)	(0.8)		(1.3)
Translation adjustment	(0.1)	(0.2)	(0.7)	(0.1)		(1.1)
December 31, 2009	**4.8**	**22.8**	**26.3**	**5.4**	**2.1**	**61.4**

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 date of transition of IFRS).
(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 accordance with paragraphs (ii) and (iii) above.

In 2009, certain operating leases were converted into finance leases. This led to a €10.3 million increase in the cost of property, plant and equipment (€3.0 million increase net of accumulated depreciation) and in finance lease liabilities.

6. Goodwill and other intangible assets

(a) Goodwill arising on acquisition of subsidiaries

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

(in euro millions)	Gross	Accumulated impairment losses	Net
January 1, 2008	**70.4**	**(13.9)**	**56.5**
Goodwill recognized on companies acquired during the year	3.5		3.5
Translation adjustment	2.6		2.6
Change in scope of consolidation(1)	3.0	(1.8)	1.2
December 31, 2008	**79.5**	**(15.7)**	**63.8**
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	(1.7)		(1.7)
Change in scope of consolidation			
Impairment losses recognized during the year			
December 31, 2009	**77.8**	**(15.7)**	**62.1**

(1) The €1.2 million reported under "Other" in 2008 concerns Chargeurs Protective Films and corresponds to a reclassification from other intangible assets.

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

(in euro millions)	**31/12/2009**	31/12/2008
Chargeurs Protective Films	**45.0**	46.5
Chargeurs Interlining	**17.1**	17.3

Chargeurs Protective Films goodwill is measured in US dollars and the €1.5 million decline in its carrying amount between December 31, 2008 and 2009 was due to the dollar's fall against the euro over the period. Chargeurs Interlining's goodwill is now allocated to two cash-generating units (CGUs) following the acquisition of Etacol. The three companies held by Chargeurs Interlining in partnership with Ningbo Yak Technology Industrial together constitute a separate CGU. Goodwill allocated to this CGU is included in the carrying amount of "Investments in associates".

Goodwill impairment tests

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

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

For Chargeurs Protective Films, a cash flow simulation model was developed based on various market parameters and different scenarios, taking into account the probability of each situation occurring. Simulations were then performed using the Monte Carlo method and present values were calculated. The final value allocated to Chargeurs Protective Films' goodwill corresponds to the average value of all of the different simulated scenarios.

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

	Chargeurs Protective Films	Chargeurs Interlining
Average operating margin over the business plan period(1)	6.90%	6.10%
Growth rate(2)	2.00%	1%-2%
Discount rate(3)		
2008	9.20%	8.1%-10.1%
2009	8.70%	8%

(1) Operating profit/revenue.
The calculation is based on operating profit before restructuring costs or other non-recurring items.
(2) Equal to or less than the medium- to long-term growth rate for the industry as a whole. This rate was unchanged from 2007 for all of the Group's CGUs.
(3) Discount rate.

The growth rates applied in 2009 to calculate terminal values for Chargeurs Protective Films and Chargeurs Interlining were unchanged from 2008, at 2% and 1% respectively, except for CGUs located in Asia which used a 2% growth rate.

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

	Chargeurs Protective Films	Chargeurs Interlining
Risk-free interest rate	4.10%	4.10%
Market risk premium	5.6%	5%
Beta	100%	100%
Specific risk premium	0%	2%
Cost of equity	9.7%	11.1%
Pre-tax cost of debt	7.10%	5.80%
Tax rate	33.33%	33.33%
Post-tax cost of debt	4.73%	3.87%
Net debt/capital employed	20%	33%
Weighted average cost of capital	8.71%	8.71%
Discount rate applied	8.71%	8.25%-9.3%

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

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

(b) Other intangible assets

During 2009, only one development project satisfied the asset recognition criteria in IAS 38.

(in euro millions)	Trademarks and patents	Development costs	Rights of use	Other	Total
January 1, 2008	**3.3**	**1.3**	**2.0**	**0.6**	**7.2**
Capitalized development costs		0.9			0.9
Additions	0.6				0.6
Disposals					0.0
Change in scope of consolidation					0.0
Amortization	(1.2)	(0.1)			(1.3)
Impairment			(0.1)		(0.1)
Other	(1.2)				(1.2)
Translation adjustment	0.1		0.3		0.4
December 31, 2008	**1.6**	**2.1**	**2.2**	**0.6**	**6.5**

(in euro millions)	Trademarks and patents	Development costs	Rights of use	Other	Total
January 1, 2009	**1.6**	**2.1**	**2.2**	**0.6**	**6.5**
Capitalized development costs		0.3			0.3
Additions	0.1			0.7	0.8
Disposals					0.0
Change in scope of consolidation					0.0
Amortization	(0.1)	(0.2)		(0.2)	(0.5)
Impairment	(0.4)		(0.1)		(0.5)
Transfers to “Assets held for sale”	(0.5)		(0.6)		(1.1)
Other					0.0
Translation adjustment			(0.1)		(0.1)
December 31, 2009	**0.7**	**2.2**	**1.4**	**1.1**	**5.4**

7. Finance leases

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

(in euro millions)	**31/12/2009**	31/12/2008
Land	**2.9**	2.9
Buildings	**30.4**	30.4
Plant and equipment	**17.5**	8.4
Fixtures, fittings and other	**9.0**	7.8
Gross	**59.8**	**49.5**
Accumulated depreciation	**(30.5)**	**(28.5)**
Accumulated impairment	**(9.6)**	
Net	**19.7**	**21.0**

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

(in euro millions)	**31/12/2009**	31/12/2008
Future minimum lease payments under finance leases	**27.7**	21.4
Finance lease liabilities	**25.4**	18.4
Future finance cost	**2.3**	3.0

Future lease payments can be analyzed by maturity as follows:

(in euro millions)	Minimum lease payments	Finance lease liabilities
Due in less than one year	6.5	5.7
Due in one to five years	21.1	19.7
Due in more than five years	0.1	
Total at December 31, 2009	**27.7**	**25.4**
Due in less than one year	4.4	3.4
Due in one to five years	15.2	13.3
Due in more than five years	1.8	1.7
Total at December 31, 2008	**21.4**	**18.4**

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

8. Investments in non-consolidated companies

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

(in euro millions)	**31/12/2009**	31/12/2008
Interests of over 50%		
Aggregate	**1.3**	1.7
Interest of between 20% and 50%		
Aggregate	**0.1**	0.2
Interests of less than 20%		
Aggregate	**0.1**	0.1
Total	**1.5**	**2.0**

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 where necessary.

9. Investments in associates

(a) Movements

Investments in associates amounted to €17.3 million at December 31, 2009 and €18.0 million at December 31, 2008.

(in euro millions)	Yak entities	Fashion entities	Peinaduria Rio Chubut	Other	Total
January 1, 2008	**11.7**	**7.8**	**2.1**	**3.5**	**25.1**
Additions			0.3	0.3	0.6
Disposals					0.0
Change in scope of consolidation					0.0
Share of profit/(loss) for the period	1.0	(7.7)	0.1	(1.3)	(7.9)
Dividends received	(1.1)			(0.1)	(1.2)
Other					0.0
Translation adjustment	1.5	(0.1)			1.4
December 31, 2008	**13.1**	**(0.0)**	**2.5**	**2.4**	**18.0**

(in euro millions)	Yak entities	Fashion entities	Peinaduria Rio Chubut	Other	Total
January 1, 2009	**13.1**	**(0.0)**	**2.5**	**2.4**	**18.0**
Participation in rights issue		1.9	1.3		3.2
Disposals		(0.1)			(0.1)
Share of profit/(loss) for the period	0.5	(1.8)	(0.4)	(0.8)	(2.5)
Dividends received	(0.4)				(0.4)
Other					
Translation adjustment	(0.5)		(0.4)		(0.9)
December 31, 2009	**12.7**	**0.0**	**3.0**	**1.6**	**17.3**

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

Key figures for associates, carried in the balance sheet in the amount of €17.3 million at December 31, 2009, were as follows:

(in euro millions)	31/12/2009			31/12/2008			
	Yak	Other	Total	Yak	Fashion	Other	Total
Assets (100%)	15.9	26.1	42.0	16.1	53.5	28.4	98.0
Liabilities (100%)	5.6	10.3	15.9	5.6	35.1	13.5	54.2
Revenue (100%)	3.5	14.2	17.7	4.0	63.6	11.4	79.0
Net profit/(loss) (100%)	1.1	0.9	2.0	2.0	(11.5)	(1.3)	(10.8)
Group share of profit/(loss)[1]	0.5	(3.0)	(2.5)	1.0	(7.7)	(1.2)	(7.9)

(1) The Chargeurs Fashion entities were sold during the year. The Group's share of these companies' losses amounted to €1.8 million and is reported in the "Other" column.

The carrying amount of the Group's investments in associates includes goodwill of €7.7 million corresponding to two interlining manufacturers in China.

10. Long-term loans and receivables

The €7.2 million total for this item breaks down as follows:
– Long-term loans in an amount of €1.5 million.
– Long-term deposits in an amount of €5.7 million.
The fair value of these assets approximates their carrying amount.

11. Deferred taxes

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

(in euro millions)	31/12/2009	31/12/2008
Deferred tax assets, net		
– Recoverable beyond 12 months	10.7	17.6
– Recoverable within 12 months	12.9	13.0
Deferred tax liabilities		
– Settlement beyond 12 months	(10.1)	(10.0)
– Settlement within 12 months	(1.8)	(1.9)
Net	**11.7**	**18.7**

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

(in euro millions)	31/12/2009	31/12/2008
Deferred tax assets, net		
– Deductible temporary differences	16.5	15.9
– Tax loss carryforwards and tax credits	7.1	14.7
Deferred tax liabilities		
– Taxable temporary differences	(11.9)	(11.9)
Net	**11.7**	**18.7**

Deferred tax assets are recognized for tax loss carryforwards only when their future recovery is considered probable based on projected taxable profits for the next five years.
No deferred tax assets have been recognized for a significant portion of the Group's evergreen losses (see below).
Net deferred tax assets decreased by €7.0 million in 2009.

Tax loss carryforwards were as follows at December 31, 2009:

(in euro millions)	Total	Unrecognized
Available until		
2010	0.5	0.5
2011	–	–
2012	0.9	0.9
2013	1.3	1.3
2014	25.4	25.4
Evergreen losses	357.2	328.5
Total tax loss carryforwards	**385.3**	**356.6**

12. Other non-current assets

Other non-current assets amounted to €3.1 million at December 31, 2009.

13. Inventories and work-in-progress

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

(in euro millions)	31/12/2009	31/12/2008
Gross		
Raw materials and supplies	52.1	43.7
Finished and semi-finished goods and work-in-progress	72.4	101.6
Total – gross	124.5	145.3
Provisions for impairment	(7.5)	(10.5)
Net	**117.0**	**134.8**
Increase in provisions for impairment of inventory	(4.1)	(7.1)
Reversals of provisions used	3.5	1.4
Reversals of surplus provisions	3.1	1.4

Note: inventories at December 31, 2008 reflect the correction of an error in the published amount (see note 38 for details).

14. Trade receivables

(in euro millions)	31/12/2009	31/12/2008
Trade receivables		
Gross	82.1	87.3
Provision for impairment	(13.0)	(11.4)
Net	**69.1**	**75.9**

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

Factored receivables
Certain receivables have been sold under no-recourse agreements with factoring companies.
The amounts paid by the factoring companies for the receivables totaled €45.7 million at December 31, 2009 (€64.7 million at December 31, 2008).
These receivables are shown on Chargeurs' balance sheet even though they have been sold and despite the fact that title has been transferred to the factoring company (see note 3).

15. Derivative instruments

The carrying amount of derivatives can be analyzed as follows:

(in euro millions)	December 31, 2009		December 31, 2008	
	Fair value	Notional	Fair value	Notional
Assets net of liabilities				
Fair value hedges				
Currency hedges	0.3	14.4	(2.0)	3.9
Cash flow hedges				
Currency hedges	0.3	1.0	0.3	(7.4)
Interest rate hedges			0.1	(24.0)
Commodity hedges			–	–
Hedges of net investments in foreign operations				
Currency hedges				
Derivatives not qualifying for hedge accounting				
Currency hedges			0.1	(6.3)
Interest rate hedges	(0.1)	(48.0)	0.2	(24.0)
Derivative instruments – net asset/(liability)	**0.5**		**(1.3)**	

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 €14.4 million (net buyer position) correspond to hedges of assets and liabilities and firm commitments by subsidiaries.
Cash flow hedges on a notional amount of €0.9 million (net buyer position) correspond to hedges of the Group's exposure to changes in the exchange rate for the US dollar (€7.1 million net seller position) and the euro (€8 million net buyer position).
Interest rate hedges on a notional amount of €48 million (net borrower position) correspond to the partial conversion to fixed rate of €24 million in credit lines obtained by Chargeurs Protective Films, through interest rate swaps. In addition, a swap cancellation option has been purchased on a notional amount of €24 million.

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

(in euro millions)	31/12/2009	31/12/2008
Australian dollar	**11.2**	24.0
US dollar	**(4.3)**	(23.8)
Euro	**2.4**	(9.7)
Pound sterling	**3.8**	0.1
South African rand	**2.3**	3.0
Korean won		(0.7)
Chinese yuan		(2.7)
Total	**15.4**	**(9.8)**

Net notional amounts of interest rate derivatives by currency (negative notional amount = net borrower position

(in euro millions)	31/12/2009	31/12/2008
Euro	**(48.0)**	(48.0)
US dollar	**–**	–

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

(in euro millions)	31/12/2009	31/12/2008
Euro	**–**	–

Maturities of derivatives at fair value

(in euro millions)	31/12/2009	31/12/2008
Within 6 months	**(0.5)**	(1.6)
In 6 to 12 months	**–**	–
In 12 to 18 months	**–**	–
In more than 18 months	**–**	0.3

16. Other receivables

(in euro millions)	31/12/2009	31/12/2008
Short-term tax receivables	**1.2**	3.0
Other receivables	**44.4**	58.0
Accruals	**1.1**	1.1
Provisions for impairment	**(1.8)**	(2.6)
Net	**44.9**	**59.4**

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

17. Cash and cash equivalents

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

(in euro millions)	31/12/2009	31/12/2008
Cash equivalents		
Marketable securities	**9.5**	21.0
Term deposits	**7.3**	7.3
Sub-total	**16.8**	**28.3**
Cash at bank	**39.1**	29.5
Total	**55.9**	**57.8**

18. Assets held for sale

	31/12/2009	31/12/2008	31/12/2007
Assets held for sale	**5.8**		
Liabilities related to assets held for sale	**3.2**		

The Group has decided to sell two of its textile businesses in China and a textile unit in France. Contacts have been established with various potential buyers. The reclassification of these entities under “Assets held for sale” led to €0.9 million in write-downs of plant and equipment. In 2009, these companies together generated a net loss of €1.7 million.

19. Equity

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since January 1, 2008 are as follows:

Shares outstanding at January 1, 2008	**10,377,097**
Issuance of shares on exercise of employee stock options	–
Shares outstanding at December 31, 2008	**10,377,097**
Issuance of shares on exercise of employee stock options	–
Shares outstanding at December 31, 2009	**10,377,097**

Based on a par value of €16 per share, shares outstanding at December 31, 2009 represented issued capital of €166,033,552, unchanged from December 31, 2008.
All of the shares are of the same class, with the same rights to dividends and returns of capital.

Shares held in treasury can be analyzed as follows:

	31/12/2009		31/12/2008	
	Number	**Cost in euros**	Number	Cost in euros
Chargeurs shares held:				
– By Chargeurs	**13,334**	**230,851**	13,334	230,851
– In connection with the liquidity contract	**103,000**	**972,436**	118,100	1,328,725
Total	**116,334**	**1,203,287**	**131,434**	**1,559,576**

"Other reserves" include cumulative net gains on cash flow hedges for €0.3 million at December 31, 2009 and €0.4 million at December 31, 2008.

20. Pension and other post-employment benefit obligations

Provisions for pension and other post-employment benefit obligations can be analyzed as follows:

(in euro millions)	31/12/2009	31/12/2008
Post-employment benefit obligations	8.5	9.4
Post-employment healthcare plans	0.9	1.4
Other long-term employment benefit obligations	1.7	1.4

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 balance sheet for these plans can be analyzed as follows:

(in euro millions)	31/12/2009	31/12/2008	31/12/2007	31/12/2006	31/12/2005
Present value of obligations – funded plans	**16.8**	18.8	18.0	21.1	23.6
Fair value of plan assets	**(13.1)**	(12.5)	(15.7)	(18.8)	(19.2)
Present value of unfunded obligations – funded plans	**3.7**	**6.3**	**2.3**	**2.3**	**4.4**
Present value of obligations – unfunded plans	**8.0**	7.3	7.7		
Unrecognized actuarial gains/(losses)	**(1.3)**	(2.3)	0.5		
Unrecognized past service costs	**0.7**	0.9	1.0		
Reimbursement rights					
Net liability in the balance sheet	**11.1**	12.2	11.5		

Note: the net liability at December 31, 2008 reflects the correction of an error in the published amount (see note 37 for details).

The unrecognized actuarial loss for 2008 reflects the impact of falling equity markets on a portion of the plan assets and could result in the Company having to pay additional contributions into the plans over a period of seven years if the situation does not improve.

Movements in the projected benefit obligation under funded plans can be analyzed as follows:

(in euro millions)	31/12/2009	31/12/2008
Projected benefit obligation at January 1	**18.8**	**18.0**
Service cost	0.2	0.2
Interest cost	1.1	1.1
Curtailments and settlements	(0.8)	(0.2)
Benefits paid out of plan assets	(1.5)	(1.5)
Benefits paid out of company reserves	(0.1)	–
Transfer of obligations to external parties (employee transfers)	–	(0.1)
Actuarial (gains)/losses for the period	0.5	0.4
Translation adjustment	(0.5)	0.8
Change from a funded to an unfunded obligation	(1.0)	–
Other	0.1	0.1
Projected benefit obligation at December 31	**16.8**	**18.8**

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

(in euro millions)	31/12/2009	31/12/2008
Fair value of plan assets at January 1	**12.5**	**15.7**
Actuarial (gains)/losses for the period	2.1	(2.7)
Employer contributions	0.3	0.5
Benefits paid out of plan assets	(1.5)	(1.5)
Translation adjustment	(0.3)	0.5
Change in scope of consolidation		
Fair value of plan assets at December 31	**13.1**	**12.5**

The breakdown of plan assets was as follows at December 31, 2009 and 2008:

	31/12/2009	31/12/2008
Money market funds	1%	2%
Equities	43%	34%
Bonds	53%	63%
Real estate	3%	1%
Total	**100%**	**100%**

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

(in euro millions)	31/12/2009	31/12/2008
Projected benefit obligation at January 1	**7.3**	**7.7**
Service cost	0.4	0.5
Interest cost	0.2	0.2
Curtailments and settlements	(0.3)	(0.1)
Benefits paid out of Company reserves	(0.5)	(0.7)
Actuarial (gains)/losses for the period	–	(0.1)
Translation adjustment	–	0.0
Change from a funded to an unfunded obligation	1.0	–
Change in scope of consolidation	(0.1)	(0.2)
Projected benefit obligation at December 31	**8.0**	**7.3**

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)	31/12/2009	31/12/2008
Service cost	0.1	0.7
Interest cost	0.8	1.2
Expected return on plan assets	(0.1)	(1.1)
Amortization of actuarial gains and losses	–	1.8
Amortization of past service cost	(0.4)	(0.3)
Reversal of surplus provisions	(0.8)	(0.5)
Net (income)/expense recognized in the income statement	**(0.4)**	**1.8**

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 balance sheet can be analyzed as follows:

(in euro millions)	31/12/2009	31/12/2008
Net liability at January 1	**12.2**	**11.5**
Net (income)/expense recognized in the income statement	**(0.4)**	1.8
Benefits paid during the year	**(0.6)**	(1.1)
Exchange differences on foreign plans	**(0.1)**	0.2
Change in scope of consolidation	**–**	(0.2)
Net liability at December 31	**11.1**	**12.2**

The main actuarial assumptions at December 31, 2009 and 2008 were as follows:

	31/12/2009	31/12/2008
Europe		
Expected rate of return on plan assets[1]	**5.0%**	5.0%
Discount rate applied to projected benefit obligation[2]	**5.0%**	5.75%
Estimated future salary increases		
– Managers	**2.5%**	2.5%
– Other employees	**2.0%**	2.0%
Long-term (underlying) inflation rate	**2.0%**	2.0%

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

North America		
Expected rate of return on plan assets[2]	**7.75%**	7.75%
Discount rate applied to projected benefit obligation[1][2]	**6.25%**	6.25%

(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 9%, with this rate subsequently falling by 1 point per year until it reaches an annual growth rate of 5%.

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.

21. Provisions

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

(in euro millions)	31/12/2009	31/12/2008
Long-term provisions	**5.8**	7.2
Short-term provisions	**14.6**	13.7
Total	**20.4**	**20.9**

Provisions can be analyzed as follows:

(in euro millions)	Long-term provisions	Short-term provisions	Total
January 1, 2008	**3.9**	**3.6**	**7.5**
Additions	3.4	12.3	15.7
Reversals of provisions used	(0.1)	(1.3)	(1.4)
Reversals of surplus provisions		(0.3)	(0.3)
Change in scope of consolidation		(0.6)	(0.6)
Other			0.0
Translation adjustment			0.0
December 31, 2008	**7.2**	**13.7**	**20.9**
January 1, 2009	**7.2**	**13.7**	**20.9**
Additions	0.8	5.9	6.7
Reversals of provisions used	(0.1)	(5.0)	(5.1)
Reversals of surplus provisions	(1.1)	(1.0)	(2.1)
Other	(1.0)	0.9	(0.1)
Translation adjustment	–	0.1	0.1
December 31, 2009	**5.8**	**14.6**	**20.4**

(in euro millions)	31/12/2009	31/12/2008
Provisions for industrial restructuring costs	**12.9**	14.1
Provisions for other contingencies	**7.5**	6.8
Total	**20.4**	**20.9**

Provisions for industrial restructuring costs mainly concerned Chargeurs Interlining.
The cash costs of the restructuring plans will be incurred in 2010 in the amount of €12.0 million. Cash outflows covered by provisions for other contingencies will amount to €2.5 million in 2010 and €5.0 million in subsequent years.

22. 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.

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

(in euro millions)	31/12/2009	31/12/2008
Due in less than one year	**6.4**	20.3
Due in one to two years	**9.1**	18.2
Due in two to three years	**61.7**	14.3
Due in three to four years	**17.9**	4.0
Due in four to five years	**7.7**	3.3
Due in more than five years	**2.1**	2.0
Total	**104.9**	**62.1**

Borrowings by type of lender

(in euro millions)	Notional amount 31/12/2009	Notional amount 31/12/2008	Effective interest rate 31/12/2009
Loans from financial institutions	**104.9**	62.1	1.70%
Bank overdrafts	**40.1**	80.4	

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

(in euro millions)	2010	2011	2012	2013	2014	2015 and beyond
Fixed-rate borrowings	3.2	3.2	3.1	3.7	0.1	0.1
Variable-rate borrowings	91.5					

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

(in euro millions)	2010	2011	2012	2013	2014	2015 and beyond
Fixed-rate borrowings	3.2	3.2	11.1	11.7	6.1	2.1
Variable-rate borrowings	67.5					

At December 31, 2009, the average interest rate on long-term debt (excluding two-year confirmed lines of credit) was 1.72% before hedging (5.20% at December 31, 2008) and 2.72% after hedging (4.54% at December 31, 2008).

After hedging, 51.2% of average debt was at fixed rates of interest in 2009 (41.90% in 2008).

Long-term debt was denominated in the following currencies at December 31, 2009 and 2008:

(in euro millions)	31/12/2009	31/12/2008
Euro	**92,8**	57.7
US dollar	**7.6**	4.4
Other	**4.5**	–
Total	**104.9**	**62.1**

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates applied. At December 31, 2009, the carrying amount of borrowings originally contracted at fixed rates was €37.4 million.

In 2009, the Group began negotiations with its partner banks to consolidate its financing resources by restructuring part of its debt. An agreement in principle was reached on December 29, 2009 for the restructuring of over €80 million in debt and a final agreement was signed on February 4, 2010, replacing all earlier agreements.

This final agreement concerns short and medium-term credit facilities granted to the Interlining and Protective Films businesses. The main terms of the restructuring are as follows:

– The unconfirmed facilities have been combined into a single facility for a firm period of two years starting in January 2010.

– Effective from January 2010, a two-year payment moratorium has been granted on the medium-term facilities, with payment due from the third to the fifth year.

The credit facilities are subject to the usual clauses, including an acceleration clause that would apply if Chargeurs were to pay a dividend in 2010 and 2011.

Effective from June 2010, the credit facilities granted to the Interlining and Protective Films businesses will be subject to the usual covenants, 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.

	Protective Films	Interlining
Net debt/EBITDA	< 11.0	< 9.0
Interest cover (EBITDA/ finance costs)	> 2.6	> 2.0

The banks have agreed to the restructuring on condition that Chargeurs raises at least €22 million through a subordinated convertible bond issue before the end of April 2010. Shareholders authorized the Board to carry out the convertible bond issue at the Extraordinary Meeting held on February 8, 2010.

23. Trade and other payables

"Other payables" include short-term provisions in an amount of €14.6 million (see note 21).

Receivables sold under no-recourse agreements are shown in the balance sheet for €45.7 million (see note 14), with the corresponding liability recorded under "Factoring liabilities".

24. Financial risk management

In the normal course of business, the Chargeurs Group is exposed to financial risks including market risk (foreign exchange risk, interest rate risk and price risk on certain commodities), as well as credit and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative instruments 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 obtained from various external databases containing information on foreign currencies, interest rates and commodity prices that directly or indirectly affect the Group's operations and the value of its assets.

(i) Foreign exchange risk

The Group operates internationally, with 94% of revenue generated outside France, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Chinese yuan (as 48% of revenue is generated in the Americas and Asia). Foreign exchange risk relates to future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

In order to manage exposures to changes in exchange rates for the US dollar and various Asian currencies on a long-term basis, Chargeurs has relocated production facilities to Asia and the dollar zone. A total of 44.5% of assets are now located outside Europe.

Group entities use forward contracts and, exceptionally, currency options 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, US dollar and South African rand. The related risks are hedged using forward currency contracts and certain option-based products.

The following table presents the sensitivity of consolidated equity to currency risk, based on data at December 31, 2009.

(in euro millions)			
Total equity at December 31, 2009			130.2
of which, translation reserves at December 31, 2009			(10.1)
	Translation reserves by currency	Effect of a 10% increase in the exchange rate against the euro	Effect of a 10% decrease in the exchange rate against the euro
related to the US dollar	(8.2)	0.8	(0.8)
related to the Argentine peso	(2.6)	0.3	(0.3)
related to the British pound	(0.7)	0.1	(0.1)
related to the Turkish lira	(0.9)	0.1	(0.1)
related to the South African rand	(0.4)	0.0	0.0
related to the Australian dollar	(0.5)	0.1	(0.1)
related to the New Zealand dollar	0.1	0.0	0.0
related to the Korean won	(0.5)	0.1	(0.1)
related to the Czech koruna	1.6	0.2	(0.2)
related to the Chinese yuan	1.8	0.2	(0.2)
related to other currencies	0.2	0.0	0.0
Total	**(10.1)**	**1.8**	**(1.8)**

(ii) Interest rate risk

In 2006, interest rates on a significant portion of the Group's five-year credit lines were converted from variable rate to fixed rate through interest rate swaps (see note 22). No new interest rate hedges were set up in 2009.

A 1-point increase in interest rates would have a €1.1 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. In 2009 this business once again used derivatives to hedge its exposure to commodity risk on an occasional basis. 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. 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 protects itself 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 a counterparty risk of over six months, whereby exposure limits are set in line with the risk profile of the counterparty concerned.

(ii) Country risk

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

At December 31, 2009 the five main countries in which the Group's customers are located were rated at least "A" by Standard & Poor's.

Exercice 2009

Country	% of total revenue	Credit rating[1]
China	21.0%	A+
Italy	17.0%	A+
Germany	9.4%	AAA
USA	9.0%	AAA
France	6.2%	AAA

(1) Standard & Poor's rating.

(iii) Banking counterparty risk

The Group only deals 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 range of insurance companies, which were all rated at least "A" by Standard & Poor's at December 31, 2009.

Insurers

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

(1) Standard & Poor's rating.

(c) Liquidity risk

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

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

	December 31, 2009				December 31, 2008			
(in euro millions)	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	55.9	55.9			57.8	57.8		
Long-term borrowings	(98.5)		(98.5)		(41.8)		(39.8)	(2)
Short-term portion of long-term borrowings	(6.4)	(6.4)			(20.3)	(20.3)		
Short-term bank loans and overdrafts	(40.1)	(40.1)			(80.5)	(80.5)		
Net debt	**(89.1)**	**9.4**	**(98.5)**	**0**	**(84.8)**	**(43)**	**(39.8)**	**(2)**
Derivative instruments – assets	1.2	1.2			1.3	1.3		
Deposits	7.2	1.5	5.7		9.3	1.6	7.7	
Derivative instruments – liabilities	(0.7)	0	(0.7)		(2.6)	(2.6)		
Other financial assets and liabilities	**7.7**	**2.7**	**5**	**0**	**8**	**(0.3)**	**7.7**	**0**
Sub-total – financial assets and liabilities	**(81.4)**	**12.1**	**(93.5)**	**0**	**(76.8)**	**(42.7)**	**(32.1)**	**(2)**
Working capital								
Trade receivables	69.1	69.1			75.9	75.9		
Inventories	117	117			134	134		
Trade payables	(100.8)	(100.8)			(116.7)	(116.7)		
Sub-total – operating assets and liabilities	**85.3**	**85.3**	**0.0**	**0.0**	**93.2**	**93.2**	**0**	**0**
Total financial and operating assets and liabilities	**3.9**	**97.4**	**(93.5)**	**0.0**	**16.4**	**50.5**	**(32.1)**	**(2)**

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

The Group works with over 25 banks and financial institutions, of which the 8 largest represent 65% of its available credit facilities.

(iii) Applying strict underwriting rules

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

NOTES TO THE INCOME STATEMENT

25. Other operating income and expense

(in euro millions)	31/12/2009	31/12/2008
Exchange gains and losses	0.2	(0.8)
Gains and losses on disposal of non-current assets	0.1	(0.3)
Restructuring costs	(6.8)	(31.3)
Impairment of non-current assets	(9.5)	
Other	(2.2)	(0.3)
Total	**(18.2)**	**(32.7)**

In 2009, restructuring costs included severance costs of €3.9 million (€4.6 million in 2008) and provision charges of €2.9 million (€26.7 million in 2008). They are analyzed by business segment in note 33.

26. Employee information

The average number of employees of fully consolidated subsidiaries was as follows in 2009 and 2008:

	31/12/2009	31/12/2008
Employees in France	**612**	771
Employees outside France	**1,779**	1,941
Total employees	**2,391**	**2,712**

(in euro millions)	31/12/2009	31/12/2008
Wages and salaries	**55.1**	58.5
Payroll taxes	**17.7**	21.5
Discretionary profit sharing	**–**	0,5
Total	**72.8**	**80.5**

27. Finance costs and other financial income and expense

(in euro millions)	31/12/2009	31/12/2008
Finance costs	**(9.0)**	(13.6)
Interest income on loans and investments	**2.2**	6.1
Fair value adjustments to:		
– Investments in non-consolidated companies	**(0.5)**	(1.5)
– Financial instruments	**(0.4)**	(2.7)
Exchange losses on transactions in foreign currencies	**–**	–
Other	**(1.5)**	0.2
Finance costs and other financial income and expense, net	**(9.2)**	**(11.5)**

28. Income tax expense

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

(in euro millions)	31/12/2009	31/12/2008
Current taxes	**(3.1)**	3.6
Deferred taxes	**(6.9)**	(9.4)
Total	**(10.0)**	**(5.8)**

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 2008, the Group recognized proceeds of €9.0 million on the no-recourse sale to a financial institution of a tax receivable. Of the total amount, €1.4 million corresponding to late interest was recognized under financial income and €7.6 million corresponding to tax was recognized under current taxes.

(in euro millions)	31/12/2009	31/12/2008
Income tax expense for the period	**(10.0)**	(5.8)
Standard French income tax rate	**33.33%**	33.33%
Tax at the standard rate	**11.2**	15.6
Difference between income tax expense for the period and tax at the standard rate	**(21.2)**	(21.4)
Effect of differences in foreign tax rates	**(1.2)**	(1.5)
Effect of permanent differences between book profit and taxable profit	**1.1**	(3.7)
Utilizations of tax losses recognized in prior periods	**–**	–
Effect of unrelieved tax losses	**(13.9)**	(13.1)
Valuation allowances on deferred tax assets (tax loss carryforwards)	**(6.7)**	(10.0)
Other	**(0.5)**	6.9

France's 2010 Finance Act adopted on December 30, 2009 abolished the *taxe professionnelle* local business tax and replaced it with two new taxes:
– *Cotisation foncière des entreprises* (CFE), assessed on the rental value of real estate included in the current tax base for the *taxe professionnelle*.
– *Cotisation sur la valeur ajoutée des entreprises* (CVAE), assessed on the value-added created by the company, as reflected in the separate financial statements.
Following this change, the Group reviewed the accounting treatment of taxes in France under IFRS, based on the latest available analyses including the interpretations published by the International Financial Reporting Interpretations Committee (IFRIC).

The Group considers that the above change consists in substance of replacing the *taxe professionnelle* with two different types of taxes:
– CFE is assessed on rental values and may be capped at a certain percentage of value added. It is therefore very similar to taxe professionnelle and, like its predecessor, will be included in operating expense in 2010.
– Based on the Group's analysis, the CVAE meets the definition of income tax in IAS 12.2 ("taxes which are based on taxable profits"). In conducting its analysis, Chargeurs took into account the March 2006 and May 2009 decisions by IFRIC not to give guidance on which taxes are within the scope of IAS 12 – Income Taxes. IFRIC stated that, to be within the scope of IAS 12, a tax must be calculated on a net amount of income and expenses and that said net amount may be different from accounting profit. The Group considers that the CVAE meets some of the characteristics listed by the IFRIC, to the extent that value added represents a level of profit that is systematically used under French tax rules to determine the amount of CVAE due.
In accordance with IAS 12, the classification of CVAE as an income tax triggered the calculation, at December 31, 2009, of deferred tax liabilities on the carrying amount of property, plant and equipment, which represented the main source of taxable temporary differences at that date. As the entities concerned are all members of the French tax group, the effect of recognizing net deferred tax liabilities in respect of the CVAE was taken into account in the calculation of the tax group's deferred tax asset.

29. Stock options

The May 31, 2001 stock options expired on May 31, 2009. At December 31, 2009, there were no stock options outstanding.

30. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the period. The Company reported a basic loss per share of €4.50 for 2009 (net loss divided by the average number of shares outstanding).
As there are no significant dilutive instruments outstanding, diluted earnings per share are the same as basic earnings per share.

31. Cash flows from operating activities

(in euro millions)	**2009**	2008
Pre-tax profit/(loss) of consolidated companies	**(33.5)**	**(46.9)**
Adjustments to reconcile pre-tax profit to cash generated from operations:	**19.3**	**43.6**
– Depreciation and amortization	**9.5**	13.3
– Provisions and pension and other post-employment benefit obligations	**(1.5)**	14.8
– Impairment of non-current assets	**8.8**	14.5
– Fair value adjustments	**0.8**	0.9
– Impact of discounting	**–**	–
– Unrealized gains on cash flow hedges reallocated or used during the period (before tax and minority interests)	**–**	–
– (Gains)/losses on sales of investments in non-consolidated companies and other non-current assets	**(0.1)**	0.3
– Other	**1.8**	(0.2)
Income tax paid	**(0.7)**	**4.1**
Cash (used in)/generated from operations	**(14.9)**	**0.8**

32. Commitments and contingencies

32.1 Commercial commitments

At December 31, 2009, Chargeurs and its subsidiaries were committed to purchasing plant and equipment for a total of €0.1 million (€0.3 million at December 31, 2008).

32.2 Guarantees

At December 31, 2009, Chargeurs and its subsidiaries had given guarantees for a total of €0.2 million.

32.3 Collateral

At December 31, 2009, the Group had two financing facilities secured by liens on inventories for €4.5 million.

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)	31/12/2009	31/12/2008
Due in less than one year	5.8	8.8
Due in one to five years	19.8	34.2
Due in more than five years	1.1	0.0
Total	**26.7**	**43.0**

32.5 Legal risks

At December 31, 2009, Chargeurs and its subsidiaries were involved in various legal proceedings. The risks involved have been examined on a case-by-case basis and, after advice from counsel, provisions have been set aside as necessary.
Chargeurs has given seller's warranties in connection with the sale of certain subsidiaries. Adequate provisions are set aside soon as it appears likely that payments will be claimed under these warranties.

32.6 Tax 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.

32.7 Special purpose entities

- **Dolly structures**

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

- **CWP**

CWP performs approximately 47% of Chargeurs Wool's top-making operations. As these operations are outsourced, Chargeurs is a service provider for wool combing and top-making. If Chargeurs carried out these operations directly, its working capital requirement would be increased by approximately €14 million.

- **IMLA**

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

33. Information by business segment

Profits and losses by business segment were as follows for 2009:

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Revenue	**142.3**	**165.7**	**143.6**		**451.6**
Operating profit/(loss)	(2.8)	(16.9)	0.1	(3.0)	(22.6)
Finance costs					(9.2)
Share of profit/(loss) of associates					(2.5)
Pre-tax profit/(loss) for the period					**(34.3)**
Income tax expense					(10.0)
Profit/(loss) from continuing operations					**(44.3)**
Profit/(loss) from discontinued operations					**(1.7)**
Profit/(loss) for the period					**(46.0)**

Profits and losses by business segment were as follows for 2008:

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Revenue	**191.5**	**221.2**	**186.5**		**599.2**
Operating profit/(loss)	11.3	(25.5)	(6.8)	(14.3)	(35.3)
Finance costs					(11.5)
Share of profit/(loss) of associates					(7.9)
Pre-tax profit/(loss) for the period					**(54.7)**
Income tax expense					(5.8)
Profit/(loss) for the period					**(60.5)**

Additional information concerning 2009:

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation	(2.3)	(4.7)	(1.8)	(0.1)	(8.9)
Impairment losses:					
– On goodwill					
– On property, plant and equipment		(8.3)	(0.2)	(0.5)	(9.0)
Impairment losses:					
– On inventories	(2.0)	(2.1)			(4.1)
– On trade receivables	(0.1)	(1.3)			(1.4)
Restructuring costs					0.0

Additional information concerning 2008:

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation	(2.5)	(6.3)	(3.5)		(12.3)
Impairment losses:					
– On goodwill					
– On property, plant and equipment		(10.6)		(0.5)	(11.1)
Impairment losses:					
– On inventories	(1.4)	(3.8)	(1.9)		(7.1)
– On trade receivables	0.1	(1.0)			(0.9)
Restructuring costs(1)		(25.9)	(4.5)	(3.8)	(34.2)

(1) In 2008, restructuring costs were recognized in other operating expense for €31.3 million and in gains and losses on disposal of non-current assets for €2.9 million.

Segment profit includes gains and losses on cash flow hedges accumulated in equity that are recycled into the income statement in the period when the hedged item affects profit or loss.

Finance costs include gains and losses corresponding to the effective portion of cash flow hedges used to hedge future interest payments. They also include gains and losses resulting from changes in the fair value of interest-rate derivatives that are designated and qualify as fair value hedges. 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, 2009

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets[1]	138.4	167.9	118.2	2.6	427.1
Liabilities[2]	78.9	69.4	59.5		207.8
Capital employed	**59.5**	**98.5**	**58.7**	**2.6**	**219.3**
Purchases of assets	0.7	11.9	0.6		13.2

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

Segment assets and liabilities at December 31, 2008

(in euro millions)	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets[1]	146.0	193.2	128.0	13.0	480.2
Liabilities[2]	79.8	72.0	66.0		217.8
Capital employed	**66.2**	**121.2**	**62.0**	**13.0**	**262.4**
Purchases of assets	3.2	7.7	1.2	0.1	12.2

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

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)	**2009**	2008
Europe	**212.7**	289.8
Asia-Pacific and Africa	**163.4**	211.0
Americas	**75.5**	98.4

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

(in euro millions)	**2009**	2008
China and Hong Kong	**95.7**	117.8
Italy	**76.4**	103.1
Germany	**42.4**	56.9
United States	**40.6**	49.9
France	**27.9**	36.6

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

Total assets

(in euro millions)	**2009**	2008
Europe	**283.7**	343.9
Asia-Pacific and Africa	**128.6**	150.6
Americas	**97.9**	96.2
Total	**510.2**	**590.7**

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

Capital expenditure

(in euro millions)	**2009**	2008
Asia-Pacific and Africa	**0.6**	1.3
Europe	**11.9**	9.8
Americas	**0.7**	1.1

Capital expenditure is analyzed based on the geographical area in which the assets are located.

35. Main consolidated companies

At December 31, 2009, 73 companies were fully consolidated (75 in 2008) and 10 were accounted for by the equity method (17 in 2008).

Chargeurs	**Parent Company**
A — Main fully consolidated companies	
Chargeurs Deutschland	
Chargeurs Textiles	
Leipziger Wollkämmerei AG	
Protective Films business	
Chargeurs Protective Films	**Holding company for the business**
France	Novacel and subsidiaries – Germany – Belgium – Spain – United Kingdom
Italy	Boston Tapes and subsidiaries
North America	Chargeurs Protective Films Inc. – Novacel Inc
Interlining business	
Chargeurs Interlining	**Holding company for the business**
France	Lainière de Picardie BC – Intissel – DHJ International
Italy	Chargeurs Interfodere Italia
Germany	LP Deutschland
United Kingdom	LP UK
Spain	LP Hispana
Portugal	LP Portugal
Czech Republic	Bertero SRO
North America	LP Inc. – DHJ Canada
South America	LP Brazil – Entretelas Americanas – LP Chile
South Africa	Stroud Riley
Asia	Chargeurs Interlining Hong Kong – DHJ Malaysia – LP Wujiang – LP Korea – DHJ China – Chargeurs Yak Textile Trading – Etacol
Wool business	
Chargeurs Wool	**Holding company for the business**
France	Chargeurs Wool (Eurasia)
United Kingdom	Hart Wool Bradford (Ltd)
Italy	Chargeurs Wool Sales (Europe) SRL
South Africa	Chargeurs Wool (South Africa) Pty
Uruguay	Lanas Trinidad
Argentina	Chargeurs Wool (Argentina) SA
Australia	Chargeurs Wool Pty
New-Zealand	Chargeurs Wool (NZ) Limited
United States	Chargeurs Wool (USA) Inc.
Asia	Chargeurs Wool Sales (Shanghai) Limited – Zhangjiagang Yangtse Wool Combing
B – Main associates (accounted for by the equity method)	
Ningbo Yak Kyokuyo Textiles (49%)	
Ningbo Lailong Bertero Interlining (49%)	
Comtex (50%)	
Peinaje del Rio Llobregat (40%)	
Peinaduria Rio Chubut (50%)	

Percentages indicate Chargeurs' percentage of control at December 31, 2009 for companies that are not almost or entirely wholly owned by the Group.

36. Related party transactions

Transactions with associates

In 2009, the main transactions with associates concerned purchases from Chinese companies Ningbo Yak Kyokuyo Textiles and Ningbo Lialong Bertero Interlining. These transactions were recognized by Chargeurs Interlining under cost of sales in an amount of €12.2 million.

Management compensation

Compensation paid to Directors and Officers in respect of 2009 amounted to €30,000 and €502,561 respectively.

37. Corrections to the financial statements at December 31, 2008

The corrections made to the 2008 financial statements are as follows:

Recognition of actuarial gains and losses on a supplementary pension plan operated by a subsidiary in the United States

The accounting treatment of actuarial gains and losses on a supplementary pension plan operated by a subsidiary in the United States was analyzed after the 2009 interim consolidated financial statements had been published. Based on the results of this analysis, the Group adjusted the 2008 loss to include all actuarial gains and losses in excess of the 10% corridor, in accordance with IFRS.

IAS 19 states that when a company no longer has any employees, the total actuarial gain or loss in excess of the corridor must be recognized immediately in profit or loss.

In addition, the retirement age used to calculate the projected benefit obligation was lowered from 65 to 62 on the advice of the actuaries.

The effect of correcting these errors was an expense of €1.9 million, recognized as follows:

(in euro millions)	Financial statements at 31/12/2008 published in March 2009	Adjustment	Financial statements at 31/12/2008 published in December 2009
Pension and other post-employment benefit obligations	10.3	1.9	12.2

Correction of translation reserves and the carrying amount of the inventories of a subsidiary in China

After the 2009 interim consolidated financial statements had been published, an error was detected in the inventory value recorded in the accounting system at December 31, 2008 as well as in the exchange rates used by a subsidiary to prepare its consolidation package. Correcting these errors led to a €1.8 million negative adjustment to the 2008 net loss and a €1.1 million cumulative negative adjustment to equity at December 31, 2008. The main financial statement items affected by these adjustments are presented in the table below:

Assets:

(in euro millions)	Financial statements at 31/12/2008 published in March 2009	Adjustment	Financial statements at 31/12/2008 published in December 2009
Property, plant and equipment	70.7	0.7	71.4
Goodwill and other intangible assets	70.1	0.2	70.3
Inventories	136.2	(1.4)	134.8

Liabilities

(in euro millions)	Financial statements at 31/12/2008 published in March 2009	Adjustment	Financial statements at 31/12/2008 published in December 2009
Trade payables	116.5	0.2	116.7
Short-term borrowings	79.9	0.5	80.4
Loss for the period	(56.2)	(1.8)	(58.0)
Translation reserve	(8.1)	0.7	(7.4)

The overall impact on the 2008 loss was as follows:

(en millions d'euros)	Financial statements at 31/12/2008 published in March 2009	Adjustment to pension and other post-employment benefit obligations	Adjustment to inventories	Financial statements at 31/12/2008 published in December 2009
Cost of sales	(489.1)	(1.8)	(1.8)	(492.7)
Gross profit	110.1	(1.8)	(1.8)	106.5
Operating loss	(31.7)	(1.8)	(1.8)	(35.3)
Loss for the period	(56.2)	(1.8)	(1.8)	(59.8)

38. Subsequent events

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 Company believes that the claims are without merit.

Statutory Auditors' reports

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Year ended December 31, 2009)

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, 2009, on:

– Our 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.

1. 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 and significant estimates made by the management, as well as evaluating 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, 2009 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.

Without qualifying the opinion expressed above, we draw shareholders' attention to the description in notes 1 and 37 of the corrections made to the consolidated financial statements for the year ended December 31, 2008.

2. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the *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.

3. Specific verification

We have also verified the information given in the Group management report, in accordance with professional standards applicable in France. We have no observations to make concerning the fairness of this information and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris – March 11, 2010

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 *CODE DE COMMERCE*, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF CHARGEURS

(Year ended December 31, 2009)

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 *Code de Commerce*, we report to you on the report prepared by the Chairman of your company in accordance with article L. 225-37 of the *Code de Commerce* for the year ended December 31, 2009.

It is for the Chairman to prepare and submit to 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 *Code de Commerce*, 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, and

– Attest that the report contains the other information specified in article L. 225-37 of the *Code de Commerce*. 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 consist of:

- Examining the internal control and risk management procedures related to the 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.

Based on the procedures performed, we have no matters to report concerning the information provided on the Company's internal control and risk management procedures related to the preparation and processing of accounting and financial information, as contained in the report of the Chairman of the Board of Directors prepared in accordance with article L. 225-37 of the *Code de Commerce*.

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 *Code de Commerce*.

Neuilly-sur-Seine and Paris – April 13, 2010

The Statutory Auditors

PricewaterhouseCoopers Audit — S & W Associés

Gérard Morin — Maryse Le Goff

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Parent company financial statements

BALANCE SHEET

At December 31, 2009 and 2008 (in euro thousands)

ASSETS

(in euro millions)	2009			2008
	Gross	Depreciation, amortization and provisions	Net	Net
Fixed assets				
Intangible assets				
Patents, licenses, trademarks, processes	6	3	3	3
Property, plant and equipment				
Land	–	–	–	–
Buildings	–	–	–	–
Other	56	23	33	35
Assets under construction	–	–	–	–
Advances and prepayments	–	–	–	–
Investments and other non-current assets(1)				
Shares in subsidiaries and affiliates	476,684	218,929	257,755	302,342
Loans to subsidiaries and affiliates	1,526	1,526	–	4
Other long-term investments	1,314	567	747	971
Other long-term loans	3,183	1,995	1,188	2,779
Other	294	–	294	176
Total I	**483,063**	**223,043**	**260,020**	**306,310**
Current assets				
Prepayments to suppliers	1	–	1	3
Trade receivables(2)	2,615	–	2,615	969
Other receivables(2)	1,599	14	1,585	3,051
Marketable securities	2,329	–	2,329	7,301
Cash at bank and in hand	337	–	337	178
Accruals and other assets				
Prepaid expenses(2)	126	–	126	75
Total II	**7,007**	**14**	**6,993**	**11,577**
Deferred charges	–	–	–	–
Total III	**–**	**–**	**–**	**–**
Unrealized translation losses	–	–	–	–
Total IV	**–**	**–**	**–**	**–**
Total Assets (I + II + III + IV)	**490,070**	**223,057**	**267,013**	**317,887**
(1) Due within one year (gross)			3,942	6,053
(2) Due beyond one year (gross)			–	–

EQUITY AND LIABILITIES

(in euro millions)	2009	2008
Equity		
Share capital	166,033	166,033
Share premium account	32,271	32,271
Revaluation reserve	–	–
Reserves:		
– Legal reserve	13,988	13,988
– Untaxed reserves	–	–
– Other reserves	86,024	170,556
Retained earnings	–	–
Profit/(loss) for the period	(52,087)	(84,532)
Untaxed provisions		
Total I	246,229	**298,316**
Provisions for contingencies and charges		
Provisions for contingencies	2,547	2,611
Provisions for charges	–	–
Total II	2,547	**2,611**
Liabilities(1)		
Bonds	16	16
Bank borrowings(2)	1,505	22
Other borrowings	13,075	12,328
Trade payables	533	71
Accrued taxes and payroll costs	497	306
Due to suppliers of fixed assets	–	–
Other payables	2,611	4,217
Accruals and other liabilities(1)		
Deferred income	–	–
Total III	18,237	**16,960**
Unrealized translation gains	–	–
Total IV	–	**–**
Total Equity and Liabilities (I + II + III + IV)	**267,013**	**317,887**
(1) Due beyond one year	1,526	26
Due within one year	16,711	16,933
(2) Including short-term bank loans and overdrafts	1,506	10

INCOME STATEMENT

Years ended December 31, 2009 and 2008 (in euro thousands)

	2009	2008
Operating revenues[1]	**1,601**	**542**
Operating expenses[3]		
Purchases of goods and external charges	(4,866)	(2,396)
Taxes other than on income	(119)	(127)
Salaries and wages	(659)	(587)
Payroll taxes	(167)	(223)
Amortization, depreciation and provisions		
– Amortization and depreciation of fixed assets	(3)	(3)
– Provisions for contingencies and charges	–	–
Other	(30)	(30)
	(5,844)	**(3,366)**
Operating loss	**(4,243)**	**(2,824)**
Financial income[1]		
From investments[2]		
– Shares in subsidiaries and affiliates	1,187	12,478
– Loans to subsidiaries and affiliates	54	173
From other marketable securities and investments[2]	123	73
Other interest income[2]	835	1,980
Provision reversals and expense transfers	146	1,350
Foreign exchange gains	2	27
Income from disposals of marketable securities	68	789
	2,415	**16,870**
Financial expense[3]		
Amortization and provisions	(48,901)	(107,859)
Interest expense[4] [5]	(294)	(2,895)
Foreign exchange losses	(4)	(556)
Losses on disposals of marketable securities	–	–
	(49,199)	**(111,310)**
Net financial expense	**(46,784)**	**(94,440)**
Operating loss before tax and non-recurring items	**(51,027)**	**(97,264)**
Non-recurring income		
From revenue transactions	1,784	–
From capital transactions		
– Proceeds from sales of property, plant and equipment	–	43,890
– Other	2	7,784
Provision reversals and expense transfers	16,271	10,916
	18,057	**62,590**
Non-recurring expense		
On revenue transactions	(1,433)	(3,800)
On capital transactions		
– Carrying amount of assets sold	(14,156)	(45,442)
– Other	(2,488)	(107)
Amortization and provisions		
– Untaxed provisions	–	–
– Other provisions	(1,340)	(1,404)
	(19,417)	**(50,753)**
Net non-recurring (expense) income	**(1,360)**	**11,837**
Loss before tax	**(52,387)**	**(85,427)**
Income tax benefit	**300**	**895**
Loss for the period	**(52,087)**	**(84,532)**

	2009	2008
(1) Including income related to prior years	1,784	–
(2) Including income from related companies	1,972	13,122
(3) Including expenses related to prior years	8	4
(4) Including interest expense paid to related companies	261	2,495
(5) Including a grant given to a Group subsidiary	–	400

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

(in euro millions)

1. Accounting principles and policies

Chargeurs' parent company financial statements have been prepared in accordance with French generally accepted accounting principles (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 other than 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 also stated at cost, excluding incidental expenses, or at their transfer value.
Where appropriate, they are written down to fair value, generally determined by reference to the company's equity in the net assets of the acquired entities, adjusted for unrealized capital gains or losses and profitability criteria.
The caption 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 statement of income, except when they can be set off against unrealized gains in linked transactions.

1.5 Forward currency transactions

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

2. Fixed assets

(in euro millions)	At 31/12/2008	Internal transfers	Acquisitions/ transfers	Disposals/ decreases	At 31/12/2009
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)	486	–	5	14	**477**
Loans to subsidiaries and affiliates(2)	4	–	–	2	**2**
Other long-term loans(3)	3	–	1	1	**3**
Other long-term investments(4)	2	–	–	1	**1**
Other(5)	–	–	–	–	**–**
Total	**495**	**–**	**6**	**18**	**483**

(1) The main movements in 2009 concerning shares in subsidiaries and affiliates were as follows:
a. Acquisitions/increases:
– €1.9 million invested in Fashion Company in connection with a capital increase carried out prior to its sale to the Moroccan group Holfipar.
– €3 million capital invested in Chargeurs Textiles, in connection with a capital increase.
b. Disposals and decreases include the sale of Chargeurs SA's stakes in Fashion Company and CFTM to the Moroccan group Holfipar on October 9, 2009.
(2) The decrease in loans to subsidiaries and affiliates correspond to the waiver of €2.3 million in Fashion Company debt on October 9, 2009.
(3) Movements in other long-term loans mainly correspond to an additional €0.9 million interest-bearing loan to Holfipar and a €0.5 million reduction in the loan granted to V2I Finance.
(4) 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, 2008.
– 103,000 shares held under a liquidity contract with CA Cheuvreux bank, representing €1 million.
Movements in Chargeurs shares held by the Company primarily include purchases amounting to €0.2 million and sales totaling €0.6 million.

3. Provisions

3.1 Provisions for contingencies and charges

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

(in euro millions)	At 31/12/2008	Charges for the year	Reversals for the year (used)	Reversals for the year (unused)	At 31/12/2009
Provisions for contingencies	3	1	1	–	**3**
Provisions for charges	–	–	–	–	**–**
Total	**3**	**1**	**1**	**–**	**3**
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	1	–	

3.2 Impairment

(in euro millions)	At 31/12/2008	Charges for the year	Reversals for the year	At 31/12/2009
Impairment of investments	188	49	14	**223**
Impairment of other receivables	1	–	1	**–**
Total	**189**	**49**	**15**	**223**
Of which movements included in operating income and expense		–	–	
Of which movements included in financial income and expense		49	–	
Of which movements included in non-recurring income and expense		–	15	

Chargeurs' policy is to record 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. Consequently, non-recurring income for 2009 includes a €11.6 million reversal of an impairment loss on shares that have been sold.
Receivables are measured at nominal value and written down based on the recovery risk as assessed at year-end.

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

Additions (in euro millions)

– Provision for Chargeurs Deutschland shares	0.8
– Provision for Chargetex 34 shares	3.5
– Provision for Chargeurs Textiles shares	18.1
– Provision for Chargeurs Protective Films shares	24.5
– Provision for repayment of tax benefits to subsidiaries in the event of a return to profit	1.3
– Other	2.0
Total	**50.2**

Reversals (in euro millions)

– Provision for Fashion Company shares	11.6
– Provision for Fashion Company debt	3.3
– Other	1.4
Total	**16.3**

4. Maturities of receivables and payables

Total receivables, before impairment, amounted to €9 million at December 31, 2009, breaking down as follows:
– Loans to subsidiaries and affiliates (€2 million).
– Other loans and miscellaneous receivables (€3 million).
– Trade receivables (€3 million).
– Other receivables (€1 million).

Maturities of loans and receivables are as follows:

Due within one year	7
Due beyond one year	2
Total	**9**

Maturities of payables are as follows:

Due within one year	17
Due in one to five years	1
Total	**18**

Including €14 million in debt and €4 million in other payables. Payables due beyond one year consist of medium-term bank loans.

5. Items recorded under several balance sheet headings

(in euro millions)	Gross amounts concerning:	
	related companies	other investments
Shares in subsidiaries and affiliates	470	6
Receivables	–	2
Payables	15	–

6. Breakdown of accrued income

At December 31, 2009, accrued income amounted to €1 million, corresponding mainly to a Group research tax credit for 2009.
Accrued income is recorded in current assets under "Other receivables".

7. Accrued expenses

Accrued expenses totaled €1.4 million at December 31, 2009 and primarily consisted of €0.5 million in professional fees, service costs and various payroll costs and an amount of €0.9 million due to V2I Finance.

8. Marketable securities

At December 31, 2009, marketable securities amounted to €2.3 million and mainly comprised money market mutual fund units.

9. Equity

9.1 Changes in equity (in euro millions)

At January 1, 2009 (before appropriation)	382.8
2008 losses appropriated by decision of the AGM on May 7, 2009	(84.5)
At January 1, 2009 (after appropriation)	**298.3**
Loss for the year	(52.1)
At December 31, 2009 (before appropriation)	**246.2**

9.2 Changes in share capital

	Number of shares	Par value (in euros)
Shares outstanding at January 1, 2009	10,377,097	16
Shares outstanding at December 31, 2009	10,377,097	16

9.3 Share premium account and reserves at December 31, 2009 (in euro millions)

These items break down as follows:

Issue and demerger premiums	32.3
Legal reserve	14.0
Other reserves	86.0
Total	**132.3**

10. Chargeurs' bylaws provide that registered shares held in the name of the same shareholder for at least two years carry double voting rights. Consequently, in accordance with article 176 of the July 24, 1966 Companies Act, holders of said shares are entitled to double voting rights at Chargeurs Shareholders' Meetings.
At December 31, 2009, 95,678 shares carried double voting rights. The Company did not issue any founders' shares or convertible bonds in 2009.

11. Other borrowings

Other borrowings, totaling €13 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.

12. Non-recurring income and expense

	Non-recurring expense	Non-recurring income
– Sale of 50% stake in Fashion Company	13.5	–
– Reversal of impairment loss	–	11.6
– Write-off of Fashion Company debt and reversal of impairment loss	2.3	2.3
– Reversal of impairment loss on Fashion Company current account	–	1.0
– Disposal of C/F/T/M	0.7	–
– Addition to provision for repayment of tax benefits to subsidiaries in the event of a return to profit	1.3	–
– Indemnity paid to V2I Finance	0.5	0.5
– Reclassification of contingencies and charges under expenses paid to V2I Finance	0.9	0.9
– Miscellaneous tax refunds	–	1.8
– Other	0.2	–
Total	**19.4**	**18.1**

13. Income tax

13.1 Analysis of income tax

(in euro millions)	**2009**	2008
Tax on recurring profit	–	–
Tax on non-recurring items	–	–
Group relief	**0.3**	0.9
Other	–	–
Income tax expense	**0.3**	**0.9**

13.2 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 the fiscal consolidation rules, the losses of certain subsidiaries in the tax group can be offset against the taxable income 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.

13.3 In 2009, Chargeurs SA added €1.3 million to the provision for the repayment of tax benefits to loss-making subsidiaries in the event of a return to profit in 2010.

13.4 The netting off of losses reported by certain subsidiaries against the taxable profits of other subsidiaries resulted in a tax saving of €0.3 million, with a positive impact on cash.

14. Commitments given, guarantees and sureties

Guarantees and sureties concern:

– Subsidiaries and related companies	121.7
– Other	–

15. Unrecognized deferred taxes

At December 31, 2009, under French group relief rules, Chargeurs had evergreen tax loss carryforwards of €205.5 million.
Timing differences between the recognition of income and expenses for statutory reporting and tax purposes were not material in 2009.

16. Management compensation

Compensation paid to Directors and Officers in 2009 amounted to €30,000 and €502,561 respectively.

17. Employee benefit obligations

(a) Retirement benefits

The Company's retirement benefit obligations were measured at December 31, 2009, 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

The number of statutory training hours accrued by employees was 57 at December 31, 2009. The Company did not record the related obligation, as the amount involved is not material.

18. Fees paid to the statutory auditors

Chargeurs paid €300,000 in fees to the Statutory Auditors in 2009 (disclosure made in application of French Decree 2008-1487 of December 30, 2008).

19. Stock options

There were no employee stock option plans at December 31, 2009.

20. Subsequent events

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 Company believes that the claims are without merit.

INFORMATION CONCERNING SUBSIDIARIES AND AFFILIATES

Year ended December 31, 2009 (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	38,297	20,221	100.00
Chargeurs Protective Films	231,247	1,515	100.00
Chargeurs Interlining	14,914	30,462	99.99
Chargetex 34	6,077	(5,249)	100.00
2. Affiliates (10% to 50%-owned by Chargeurs)			
Chargeurs Deutschland	8,842	345	43.24
Other companies	N/A	N/A	37.50
B. Aggregate information concerning other subsidiaries and affiliates			
1. Subsidiaries not listed in A			
French companies	294	237	–
Foreign companies	100	682	–
2. Affiliates not listed in A			
French companies	–	–	–
Foreign companies	296	1,048	–

Cost of investment	Carrying amount of investment	Outstanding loans and advances granted by Chargeurs	Guarantees given by Chargeurs	2009 revenue[1]	2009 profit/(loss)	Gross dividends received by Chargeurs during 2009
85,599	57,002	–	–	–	(16,711)	–
286,266	133,800	–	–	–	8	–
84,609	61,300	–	2,871	–	(10,484)	–
6,077	800	–	–	–	(3,501)	–
6,941	4,000	–	–	–	(207)	865
6,296	–	1,524	–	–	–	–
222	179	–	–	–	116	16
2	2	–	–	–	16	307
–	–	–	–	–	–	–
671	671	–	4,028	30,511	189	–

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

FIVE-YEAR FINANCIAL SUMMARY (in euros unless otherwise specified)

	2009	2008	2007	2006	2005
I – Capital at December 31					
Share capital	**166,033,552**	166,033,552	166,033,552	164,691,152	162,107,952
Number of shares	**10,377,097**	10,377,097	10,377,097	10,293,197	10,131,747
II – Results of operations					
Operating revenue, investment income, interest income and other revenues, net of tax	**3,867,432**	16,035,306	3,767,350	8,873,696	17,236,760
(Loss)/profit before tax, amortization, depreciation and provisions	**(18,560,749)**	11,573,410	(17,034,986)	(32,514,061)	(81,466,719)
Income tax	**299,535**	895,326	3,248,773	4,102,104	882,017
Net (loss)/profit	**(52,087,120)**	(84,531,656)	4,066,695	4,512,636	(112,053,774)
Total dividends	**–**	–	6,745,113	6,690,578	–
III – Per share data					
(Loss)/earnings per share after tax, before amortization, depreciation and provisions	**(1.76)**	1.20	(1.32)	(2.76)	(7.95)
(Loss)/earnings per share	**(5.02)**	(8.15)	0.39	0.44	(11,06)
Dividend per share	**–**	–	0.65	0.65	–
IV – Employee data					
Number of employees	**3**	3	3	3	3
Total payroll (in euro thousands)	**659**	763	729	575	691
Total benefits (in euro thousands)	**206**	223	267	203	214

Statutory Auditors' reports

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(Year ended December 31, 2009)

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, 2009, on:
– Our 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.

1. 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, 2009 and the financial position and assets of the company at that date, in accordance with the accounting rules and principles applicable in France.

2. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the *Code de Commerce* 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.

3. 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 *Code de Commerce*, we have verified the conformity of these disclosures with the financial statements or the underlying data and with any information obtained from entities that control the company or that the company controls. Based on our procedures, we certify that these disclosures are accurate and fairly stated.

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

Neuilly-sur-Seine and Paris – April 13, 2010

The Statutory Auditors

PricewaterhouseCoopers Audit — S & W Associés
Gérard Morin — Maryse Le Goff

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

(Year ended December 31, 2009)

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

To the shareholders,

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

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

Agreements and commitments authorized during the year

We were not informed of any new agreements signed during the year that would be governed by article 225-38 of the *Code de Commerce*.

Agreements and commitments entered into in prior years

In application of the *Code de Commerce*, we were advised of the following agreements and commitments entered into in prior years, which remained in force during the year.

Management services contract between Chargeurs and Chargeurs Boissy

In accordance with the terms of the contract signed on January 2, 2002 and the addendum signed on January 5, 2005, Chargeurs undertakes to provide management, financial and human resources management services to Chargeurs Boissy. In 2009, Chargeurs Boissy paid Chargeurs the sum of €406,533 (excluding VAT) pursuant to the addendum.

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.

Neuilly-sur-Seine and Paris – April 13, 2010

The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin

S & W Associés
Maryse Le Goff

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on May 6, 2010

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annual general meeting on may 6, 2010

REPORT OF THE BOARD OF DIRECTORS

on certain ordinary resolutions presented at the Annual General Meeting

To the Shareholders,

We present below our report on the following resolutions to be voted on by shareholders.

Report of the Board of Directors on the fifth, sixth and seventh ordinary resolutions presented at the Annual General Meeting

The purpose of these resolutions is to re-elect Jérôme Seydoux, Salim Meir Ibrahim and Georges Ralli as Directors for a three-year term.

ORDINARY RESOLUTIONS

First resolution

The Annual General Meeting, having heard the report of the Board of Directors and the Auditors' report on the parent company financial statements, approves the parent company financial statements for the year ended December 31, 2009 and the balance sheet at that date, as presented, showing a net loss of €52,087,120.24, 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 fulfilment of their duties during the year ended December 31, 2009.

Second resolution

The Annual General Meeting, having heard the report of the Board of Directors and the Auditors' report on the consolidated financial statements, approves the consolidated financial statements for the year ended December 31, 2009 and the consolidated balance sheet at that date, as presented, showing a net loss of €45,940,000, 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

The Annual General Meeting, having heard the Auditors' special report, approves this report and all the agreements governed by article L.225-38 of the French Commercial Code referred to therein.

Fourth resolution

The Annual General Meeting, having noted that the net loss for the year amounts to €52,087,120.24, resolves to appropriate the loss for the year and the deficit brought forward from 2008 to "Other Reserves", which have therefore been reduced to €33,936,578.48 from €86,023,698.72.
The Annual General Meeting decides that no dividend will be paid in respect of 2009.

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, 2008	–
December 31, 2007	0.65
December 31, 2006	0.65

Fifth resolution

The Annual General Meeting re–elects **Jérôme Seydoux** as Director for a three–year term expiring at the close of the Annual General Meeting to be called to approve the 2012 financial statements.

Sixth resolution

The Annual General Meeting re–elects **Salim Meir Ibrahim** as Director for a three–year term expiring at the close of the Annual General Meeting to be called to approve the 2012 financial statements.

Seventh resolution

The Annual General Meeting re–elects **Georges Ralli** as Director for a three–year term expiring at the close of the Annual General Meeting to be called to approve the 2012 financial statements.

Eighth resolution

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.

Corporate governance

Executive Committee

Eduardo MALONE
Chairman and Chief Executive Officer

Laurent DEROLEZ
Managing Director, Chargeurs Protective Films

Philippe HAROCHE
Vice-President, General Counsel

Martine ODILLARD
Vice-President, Human Resources and Corporate Communications

Christophe POTHIER
Vice-President, Finance

Richard VON GERSTENBERG
Managing Director, Chargeurs Wool

Bernard VOSSART
Managing Director, Chargeurs Interlining

Board of Directors

Eduardo MALONE
Chairman and Chief Executive Officer
Current term began: 2009
Current term expires: 2012

Other directorships:

Co-Chairman: Pathé
Chief Executive Officer: Pathé SAS
Chairman: EuroPalaces, Chargeurs Textiles
Member of the Executive Board: Pathe SAS
Member of the Executive Committee: EuroPalaces SAS
Chairman and Chief Executive Officer: Sofi Emy
Director: Compagnie Deutsch, Lanas Trinidad SA, Lainière de Picardie UK Ltd

Jérôme SEYDOUX
Vice-Chairman and Chief Executive Officer
Current term began: 2007
Current term expires: 2010

Other directorships:

Co-Chairman: Pathé
Chairman: Pathé SAS, Pathé Distribution SAS, Pathé Production SAS
Chief Executive Officer: Pricel SAS
Member of the Executive Board: Pathé SAS
Member of the Executive Committee: EuroPalaces SAS, Pathé Production SAS, Pricel SAS
Vice-Chairman, Director and member of the Investment Committee: Olympique Lyonnais Groupe
Legal Manager: Edjer EURL, Ojej SC, Sojer SC

Salim Meir IBRAHIM
Director
Current term began: 2007
Current term expires: 2010

Giuseppe PIROLA
Director
Current term began: 2008
Current term expires: 2011

Other directorships:

Chairman of the Board of Directors: Studio Pirola Pennuto Zei & Associati, Finanziaria Brera Srl (formerly E-Thinkers Srl)
Director: Antonello Manuli Finanziaria SpA, Auto Centauro de la Vallee Srl, Autocrocetta SpA, Coop-Lease SpA, F.lli Gancia SpA, Gest Auto SpA, Gruppo Euro Auto 2000 SpA, Idea Uno SpA, Manuli Rubber Industries SpA, Manuli Strech SpA, Premium Car Rent Srl, Riso Gallo SpA, Terme di Saturnia Srl
Lead Auditor: ABB SpA, ABB Cap SpA, ABB Estense Service SpA in Liq., Aliaxis Holding Italia SpA, Bluestar Silicones Italia SpA, Ecodeco S.r.l, Fineurop SpA, Glynwed Srl, Gruppo Industriale Tosoni SpA, OMR Holding SpA (Officine Meccaniche Rezzatesi), Prosciuttificio Rovagnati Srl, Redi HT Srl, Redi SpA, Rhodia Italia SpA, Rovagnati SpA, Sibelco Italia SpA

Georges RALLI
Director
Current term began: 2007
Current term expires: 2010

Other directorships:

Chairman: Maison Lazard SAS, Lazard Frères Gestion SAS
Managing Partner: Compagnie Financière Lazard Frères SAS, Lazard Frères SAS, Lazard Frères Gestion SAS
Director: S.I.L.I.C., Véolia Environnement, VLGI
Member of the Supervisory Board: Bazile Telecom (as of December 2009)
Non-Voting Director: Eurazeo
Deputy Chairman and Member: Lazard Group LLC (USA)
Chief Executive: European Investment Banking Business, Lazard (USA)
Co-Chairman: European Investment Banking Committee, Lazard (USA)
Member: European Advisory Board, Lazard (USA)
Member of the Executive Committee: Lazard Strategic Coordination Company LLC (USA)
Director: Lazard & Co Srl (Italy), Lazard Investments Srl (Italy)

March 2010

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Contacts

Head office:

29-31, rue Washington – 75008 Paris – France
Phone +33 (0)1 71 72 33 50 – Fax +33 (0)1 71 72 33 51
www.chargeurs.fr
French *société anonyme*. Share capital: €1,660,335.52
390 474 898 RCS Paris

Corporate Communications

Martine Odillard
Phone +33 (0)1 71 72 30 43 – Fax +33 (0)1 71 72 33 67

Finance, Investor Relations

Christophe Pothier
Phone +33 (0)1 71 72 33 50 – Fax +33 (0)1 71 72 33 66

Chargeurs Protective Films
27, rue du Docteur-Emile-Bataille
76250 Déville-lès-Rouen – France
Phone +33 (0)2 32 82 72 32 – Fax +33 (0)2 35 75 47 24

Chargeurs Interlining
Buire-Courcelles – BP 70112
80202 Péronne cedex – France
Phone +33 (0)3 22 73 40 00 – Fax +33 (0)3 22 73 40 01

Chargeurs Wool
C/O Chargeurs Wool (Argentine) SA
Avenida de Mayo 605 – Piso 11
C1084 AAB Buenos Aires – Argentina
Phone +54 (0) 11 4345 7983 – Fax +54 (0) 11 4342 0631

Statutory Auditors

PricewaterhouseCoopers Audit SA, Auditor
63, rue de Villiers – 92208 Neuilly-sur-Seine – France
Yves Nicolas, Substitute Auditor
63, rue de Villiers – 92208 Neuilly-sur-Seine – France
S & W Associés, Auditor
8, avenue du Président-Wilson – 75116 Paris – France
Yves-Alain Ach, Substitute Auditor
Audit Conseil Holding - 58bis, rue de la Chaussée-d’Antin - 75009 Paris – France

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

Design and production
EURO RSCG C&O
French copy consultant
Jacques Guérin
Photo of the Chairman
Luc Perenom