HALF-YEAR
FINANCIAL REPORT

30 June 2015

SA with share capital of €4,525,920 – Registered office 88480 ÉTIVAL-CLAIREFONTAINE
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Contents:

Board of Directors

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

Dominique Daridan

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

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

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

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

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

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

Jérôme Nusse
Chairman, Editions Quo Vadis

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

Statutory Auditors

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

SEREC AUDIT, 75015 Paris, France
Dominique Gayno

To the Shareholders,

1. REVIEW AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated results – (€000)	**H1 2015**	**H1 2014**
Revenue	277,033	265,549
Operating income	4,240	317
Net income before tax	5,276	563
Net income/(loss) after tax	3,683	(194)
Minority interests	95	(9)
Group share	3,588	(185)

The consolidated financial statements are impacted by the application of IFRIC 21 – *Levies*, which is mandatory for financial years beginning on or after 17 June 2014.
The changes in accounting methods must be applied retrospectively and have therefore given rise to adjustments in reported results for prior periods.

Consolidated financial statements before application of IFRIC 21

Consolidated results – (€000)	**H1 2015**	**H1 2014**
Revenue	277,033	265,549
Operating income	5,765	1,734
Net income before tax	6,801	1,980
Net income/(loss) after tax	4,700	751
Minority interests	95	(9)
Group share	4,605	760

First half 2014 operating income was impacted by a €2 million goodwill impairment loss.

1.1 PAPER PRODUCTION

In Europe, production of uncoated printing and writing papers grew by 1.5% compared to the first half of 2014. Exports were boosted by the fall of the euro against other currencies. In addition, the recent closure of a number of production units helped us to improve efficiency at our other plants.

Although this situation has benefited our factories, profitability in this sector was hampered by the relative strengthening of the USD, the currency in which the pulp prices we pay are denominated.

1.2 PROCESSING

The consumption of stationery in France continues its downward trend of around 1% each year. Demand from professional customers, which seemed to be hit harder than general consumption, picked up in June (source I+C).

The results obtained by our processing departments are therefore linked to their continuing efforts to promote quality through brand products, as well as diversification in keeping with our expertise.

1.3 FINANCIAL POSITION - DEBT

As at 30 June 2015, with revenue of €277,033,000, Group borrowings amounted to €121,259,000 and shareholders' equity totalled €376,318,000.

In order to provide for its growth, the Exacompta Clairefontaine Group has negotiated several lines of credit with its banks. The Group also issued commercial paper, which amounted to €50 million at 30 June 2015 out of a global programme of €125 million.

With cash of €68,659,000 at 30 June 2015, Group net borrowings amounted to €52,600,000.

The consolidated cash flow of the Exacompta Clairefontaine Group for the first half of 2015 was €18,224,000, compared to €16,681,000 for the first half of 2014 (after adjustment for IFRIC 21).

1.4 OTHER ITEMS

As the Group parent company, EXACOMPTA CLAIREFONTAINE has no share buyback programme in place and there are no employee shareholders.

The principal shareholder, Etablissements Charles Nusse, holds 910,395 shares with double voting rights, representing 80.46% of the share capital at 30 June 2015. Financière de l'Echiquier, a minority shareholder, holds more than 5% of the share capital.

2. RESEARCH AND DEVELOPMENT

Group companies participate in various research programmes in cooperation with the Grenoble Paper Technical Centre and various university laboratories.
Development projects are mainly geared towards the product ranges.

3. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The social and environmental report for 2014 was published prior to the Exacompta Clairefontaine Group shareholders' meeting on 27 May 2015. The report includes data on the Group's staff management, environmental policy and social indicators. The social and environmental report has been certified by Bureau Veritas. All information is regularly updated and published annually.
The following information supplements and updates the information provided in this report.

3.1 EMPLOYMENT INFORMATION

Staff

The Exacompta Clairefontaine Group had 3,132 employees at 30 June 2015, compared to 3,229 at 30 June 2014 and 3,144 at 31 December 2014.
The companies apply the collective agreement for the production of papers, cardboard and cellulose, or the collective agreement for cardboard packaging.

Group Works Council

The Group's Works Council, which met on 11 June 2015, commented on its operations and on the economic and employment outlook.

3.2 ENVIRONMENTAL INFORMATION

Monitoring of gross CO_2 emissions at the Group's French paper mills

The CO_2 emission allowance trading scheme is in its third phase, which runs from 2013 to 2020.

In mid-July the European Commission published a legislative proposal to revise the conditions of the European greenhouse gas emission allowance trading scheme.
The proposal includes, with effect from 2021:

- a 2.2% annual reduction in the number of allowances allocated;
- the sale by auction of 57% of allowances;
- a reduction in the number of sectors exposed to risk of carbon leakage; the paper industry, however, is expected to appear in the new list of exposed sectors and should therefore continue to receive free allowances after that date.

Changes in CO_2 emissions

Site	CO_2 emissions (tonnes)	
	H1 2015	H1 2014
CLAIREFONTAINE	43,475	42,224
MANDEURE	4,761	4,967
EVERBAL	858	320
Total	**49,094**	**47,511**
In kg CO_2/tonne of gross paper production	363	341

The overall 3.3% increase in Group emissions is mainly due to the following factors:

- Clairefontaine: the increase in power generation capacity and the manufacture of new paper ranges requiring more steam for drying.
- Everbal: maintenance shutdowns of the biomass boilers requiring reactivation of the oil burner.

↳ Changes in environmental regulations

In September 2014 the European Commission published its findings on the best technologies available in the paper sector. Accordingly, by the end of September 2015 our three French paper mills must submit an application for the review of their operating conditions together with a baseline report on the state of pollution of groundwater and soil.

↳ Energy audit

An energy audit must be carried out every four years by companies whose balance sheet total, revenue or headcount exceeds the thresholds defined by the French decree of 4 December 2013.
The aim of this measure is to encourage large companies to take steps to improve their energy efficiency.

The first audit must be conducted by 5 December 2015, however facilities operating an ISO 50001 certified energy management system are exempt.
Nine Group companies are affected by this requirement.

3.3 INFORMATION ON COMMUNITY PROJECTS

Papeteries de Clairefontaine supports the MEROCEANS foundation's global warming research programme.
An exploration vessel named "Boogaloo" is currently being fitted out for the first round-the-world expedition organised as part of the OceanoScientific Foundation's 2015–2025 campaign. The official launch from Monaco, destination Cape Town, is scheduled for mid-October. The campaign plans to explore lesser known and uncharted regions of the ocean.

4. OUTLOOK

4.1 GENERAL OUTLOOK

The increase in pulp prices has confirmed our policy of systematically shifting our focus towards high-end papers and articles. At the same time, it is essential that we adjust our sales prices.

Global monetary upheavals over the past summer have made it difficult to produce accurate forecasts for the full financial year. Consolidated net income for the year is expected to fall somewhere between our 2013 and 2014 results, i.e. between €4.3 and €11.2 million.

4.2 RISKS AND UNCERTAINTIES

Due to the nature of its operations, the Group is exposed to different kinds of risk as well as a number of uncertainties. These are explained in detail in the report circulated to the shareholders prior to the 27 May 2015 Ordinary General Meeting. The following information supplements and updates the information provided in this report.

- Risks related to economic activity

Our business can be severely damaged by exchange rate fluctuations impacting the prices of our raw materials. We will continue to apply our forward currency hedging policy to cover our USD requirements.
The economic uncertainty that continues to affect France and part of Europe could exacerbate the decline in paper and stationery consumption.

- Financial risks

To avoid being solely dependent on short-term financing in spite of low interest rates, in first half 2015 the Group took out several medium and long term loans loans for a total of €15 million.

- Credit risk

Since the beginning of 2015 the Group has not faced any major customer default.

Exacompta Clairefontaine S.A.

Consolidated financial statements for the 6 months ended 30 June 2015

Half-year consolidated financial statements

Consolidated balance sheet

€000	30/06/2015	31/12/2014	Notes
NON-CURRENT ASSETS	**261,588**	**266,516**	
Intangible assets	13,051	13,412	(2.1.4)
Intangible assets – Goodwill	31,462	31,462	(2.1.4)
Property, plant and equipment	211,203	215,396	(2.1.5)
Financial assets	4,967	5,258	(2.1.6)
Deferred taxes	905	988	(2.4)
CURRENT ASSETS	**411,247**	**341,013**	
Inventories	179,429	160,633	(2.2.1)
Trade and other receivables	156,512	105,117	(2.2.2)
Advances	2,312	2,127	
Taxes receivable	4,335	2,695	
Cash and cash equivalents	68,659	70,441	(2.2.3)
TOTAL ASSETS	**672,835**	**607,529**	

SHAREHOLDERS' EQUITY	**376,318**	**373,863**	
Share capital	4,526	4,526	
Capital reserves	229,834	232,854	
Consolidated reserves	136,298	123,357	
Currency translation reserve	(474)	(1,007)	
Net income – Group share	3,588	11,396	
Shareholders' equity – Group share	**373,772**	**371,126**	
Minority interests	2,546	2,737	
NON-CURRENT LIABILITIES	**90,785**	**82,232**	
Interest-bearing debt	41,228	33,328	(2.6)
Deferred taxes	29,315	29,448	(2.4)
Provisions	20,242	19,456	(2.5)
CURRENT LIABILITIES	**205,732**	**151,434**	
Trade payables	60,732	53,591	
Short-term portion of interest-bearing debt	80,031	43,603	(2.6)
Provisions	4,286	4,239	(2.5)
Tax liabilities	47	234	
Other payables	60,636	49,767	(2.8)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**672,835**	**607,529**	

Consolidated income statement

€000	30/06/2015	30/06/2014	Notes
Revenue	277,033	265,549	
- Sales of products	273,773	262,691	
- Sales of services	3,260	2,858	
Other operating income	3,746	2,679	
- Reversal of depreciation/amortisation			(2.1.4, 2.1.5)
- Subsidies	2	4	
- Other income	3,744	2,675	
Change in inventories of finished products and work-in-progress	16,932	14,937	(2.2.1)
Capitalised production costs	286	259	
Goods and materials used	(145,655)	(136,224)	(2.2.1)
External expenses	(46,722)	(44,880)	
Personnel expenses	(76,101)	(75,322)	(2.12)
Taxes and duties	(7,265)	(7,325)	
Depreciation/amortisation	(13,325)	(13,578)	(2.1.4, 2.1.5)
Other operating expenses	(4,689)	(3,778)	
OPERATING INCOME – before goodwill impairment	**4,240**	**2,317**	
Goodwill impairment		2,000	(2.1.4, 2.1.1)
OPERATING INCOME – after goodwill impairment	**4,240**	**317**	
Financial income	3,350	1,222	
Financial expenses	(2,314)	(976)	
Net financial items	1,036	246	(2.13)
Income taxes	(1,593)	(757)	(2.4, 2.11)
Net income/(loss) after tax	**3,683**	**(194)**	

Net income/(loss) – minority share	**95**	**(9)**
Net income/(loss) – Group share	**3,588**	**(185)**

Net income/(loss) for the period	3,588	(185)	
Number of shares	1,131,480	1,131,480	(2.3)
EARNINGS PER SHARE (basic and diluted)	**3.17**	**(0.16)**	

Comprehensive income statement

€000	H1 2015	H1 2014
Net income/(loss) for the period	**3,683**	**(194)**
• Currency translation differences resulting from the conversion of foreign entities' financial statements	532	216
• Actuarial gains/(losses)	(168)	(81)
Total comprehensive income/(loss)	**4,047**	**(59)**
Attributable to:		
- minority interests	100	(9)
- the Group	3,947	(50)

Statement of changes in consolidated shareholders’ equity

€000	Shareholders’ equity – Group	Shareholders’ equity – minority	Total shareholders’ equity
Balance at 31/12/2013	**367,947**	**46**	**367,993**
Currency translation difference	379		379
Actuarial gains and losses and other variations	(970)		(970)
Photoweb acquisition – minority interests		2,212	2,212
Put on Photoweb minority interests	(7,060)		(7,060)
Total transactions not posted to earnings	(7,651)	2,212	(5,439)
Net income for the year	11,396	479	11,875
Dividends	(566)		(566)
Balance at 31/12/2014	**371,126**	**2,737**	**373,863**
Currency translation difference	532		532
Actuarial gains and losses and other variations	(173)	5	(168)
Other changes			
Total transactions not posted to earnings	359	5	364
Net income for the year	3,588	95	3,683
Dividends *	(1,301)	(291)	(1,592)
Balance at 30/06/2015	**373,772**	**2,546**	**376,318**

* Based on €1.15 EPS Group share

Statement of consolidated cash flows

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

€000	30/06/2015	31/12/2014	Notes
Positive cash and cash equivalents	68,659	70,441	(assets)
Bank overdrafts payable	(79,984)	(43,557)	(2.6)
Accrued interest on debt	(47)	(46)	(2.6)
Cash per statement of cash flows	**(11,372)**	**26,838**	

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

Statement of cash flows

€000	H1 2015	2014	Notes
Total consolidated net income	**3,683**	**11,875**	
Elimination of non-cash and non-operating expenses and income:			
• Depreciation, amortisation and provisions	14,201	32,427	(2.1.4 to 2.1.6, 2.5)
• Change in deferred taxes	(133)	(670)	(2.4)
• Post-tax gains on asset sales	108	(298)	
• Currency translation adjustments	532	379	
• Other	(167)	(970)	
Cash flow of consolidated companies	*18,224*	*42,743*	
• Change in operating working capital	(52,472)	13,037	Balance sheet
• Change in income taxes	(2,649)	(2,906)	
• Income taxes paid	1,010	3,220	
(1) Net cash flow from operating activities	**(35,887)**	**56,094**	
• Purchases of fixed assets	(9,236)	(20,242)	(2.1.4 to 2.1.6)
• Sales of fixed assets	605	1,054	
• Changes in consolidation – acquisitions		(40,251)	
• Changes in consolidation – disposals			
(2) Net cash flow from investing activities	**(8,631)**	**(59,439)**	
• Dividends paid	(4,818)	(2,487)	(Change in shareholders' equity)
• Dividends received	3,226	1,921	
• Borrowings received	15,650	33,775	
• Loans repaid	(7,437)	(2,869)	
• Interest paid	(640)	(999)	
• Interest received	327	612	
(3) Net cash flow from financing activities	**6,308**	**29,953**	
(1+2+3) Total cash flow	**(38,210)**	**26,608**	

Opening cash	26,838	230
Closing cash	(11,372)	26,838
Change in cash	**(38,210)**	**26,608**

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

1- General principles – statement of compliance

The EXACOMPTA CLAIREFONTAINE Group consolidated financial statements were prepared in accordance with IFRS (International Financial Reporting Standards), as adopted within the European Union. The Exacompta Clairefontaine Group consolidated interim financial statements were prepared in accordance with IAS 34 – *Interim financial reporting*.
The Exacompta Clairefontaine Group consolidated financial statements were approved by the Board of Directors on 10 September 2015.

2- Adoption of international standards

The comparative figures for the periods ended June 30 and December 31 2014 have been adjusted in accordance with IFRIC 21 – *Levies*, which is mandatory in 2015 but applicable retrospectively. The method for recognising liabilities has changed, including the timing of the recognition of annual levies, particularly in the interim financial statements.
This adjustment results in a first half 2014 consolidated net loss of €194,000 compared to net income of €751,000 as initially reported in the 2014 half-year financial report.
The 2014 financial data has been restated where necessary in order to ensure comparability between periods.

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

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

➢ <u>Standards, amendments and interpretations adopted by the European Union and mandatory in financial years beginning on or after 1 February 2015</u>

- Amendments to IAS 19 – *Employee benefits – Defined benefit plans: employee contributions*
- Annual improvements – *2010-2012 cycle*

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

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

- IFRS 9 - *Financial instruments*
- IFRS 14 – *Regulatory deferral accounts*
- IFRS 15 – *Revenue from contracts with customers*
- Annual improvements – *2012-2014 cycle*
- Amendments to IAS 1 – *Financial statement presentation – Disclosure initiative*

- Amendments to IFRS 11 – *Accounting for interests in joint ventures and joint operations*
- Amendments to IAS 16 and 38 – *Clarification of acceptable methods of depreciation and amortisation*
- Amendments to IFRS 10 and IAS 28 – *Sales or contributions of assets between an investor and its associate/joint venture*
- Amendments to IAS 27 – *Equity method in separate financial statements*
- Amendments to IFRS 10, IFRS 12 and IAS 28 – *Investment entities: Applying the consolidation exception*

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

3- Bases of preparation of the financial statements

The financial statements are presented in euros, rounded to the nearest one thousand euros. They are prepared on the basis of historical cost, with the exception of financial instruments, which are stated at fair value.

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

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

4- Consolidation of subsidiaries

The consolidated financial statements include the financial statements of the parent company, Exacompta Clairefontaine, and those of the entities controlled by the parent company (the “subsidiaries”).
Control means the power to direct, directly or indirectly, the financial and operating policies of the entity in order to obtain benefits from its activities.
The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control was obtained, and until the date on which control is no longer held.

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

5- Foreign currencies

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

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

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

6- Business combinations

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

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

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

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

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

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

7- Property, plant and equipment

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

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

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

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

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

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

8- Intangible assets

Research and development costs

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

Goodwill

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

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

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

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

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

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

Trademarks

Trademarks are recorded as intangible assets at fair value as at the purchase date. In the absence of a foreseeable limit on their capacity to generate net cash flows, the useful life of the trademarks used by the Group is considered to be indefinite.
They are not amortised but undergo an impairment test once a year and at each balance sheet date if there is an indication of any loss in value. The recoverable value is determined based on expected discounted cash flows.

Trademark internally generated expenses are expensed as incurred.

Other intangible assets

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

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

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

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

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

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

10- Financial assets

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

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

11- Trade and other receivables

Trade and other receivables are included in the IAS 39 category "loans and receivables". They are measured initially at fair value and subsequently at amortised cost. Any losses in value are recorded in the income statement when the recoverable value is less than the book value.

12- Inventories

Inventories are recorded at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.
The cost includes direct raw materials costs and direct labour costs, and directly attributable general expenses incurred to put the inventories in place in their existing condition. In general, the cost is calculated using the weighted average cost method.

Greenhouse gas emission rights

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

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

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

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

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

13- Cash and cash equivalents

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

14- Derivative financial instruments

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

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

15- Interest-bearing debt

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

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

16- Employee benefits

Defined contribution plans

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

Provisions for retirement indemnities

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

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

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

17- Provisions

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

18- Income

Revenue

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

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

Public subsidies

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

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

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

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

19- Expenses

Payments under operating leases

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

Net financial items

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

20- Income tax

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

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

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

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

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

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

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

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

21- Management of financial risk

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

Market risks

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

- Foreign exchange risk

The Group operates internationally. Risks related to commercial transactions denominated in a currency other than the respective functional currencies of Group entities are related mainly to purchases of raw materials denominated in US dollars.
In order to manage exchange rate risk, the Group hedges approximately 50% of its anticipated future transactions in USD for the coming three months using options contracts.
Exchange rate variations did not have a highly material impact on the first half 2015 financial statements.

- Interest rate risk

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

Liquidity risk

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

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

Credit risk

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

- Trade and other receivables

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

The Group has implemented tools to monitor outstandings that enable it to ensure that its clients have an appropriate credit history. Clients that do not satisfy solvency requirements cannot carry out transactions with the Group without making advance payments. In addition, credit risk is limited by taking out credit insurance policies.
The Group determines a level of write-downs that represents its estimate of losses that will be incurred in respect of trade and other receivables. Impairment charges correspond to specific losses related to individual risks.
The amounts presented in the balance sheet are net of impairment recorded.

- Investments

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

22- Segment information

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

The main activities, by area of activity, are as follows:

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

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

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

Notes to the consolidated financial statements

1. CONSOLIDATED ENTITIES

All the companies have been consolidated at 30 June 2015 under the full consolidation method (F.C.).

Name	Address	% interest	% controlling interest	Consolidation method	SIREN No.
EXACOMPTA CLAIREFONTAINE	88480 ETIVAL CLAIREFONTAINE			Parent company	505 780 296
A.B.L.	132 Quai de Jemmapes 75010 PARIS	100	100	F.C.	622 033 124
A.F.A.	132 Quai de Jemmapes 75010 PARIS	100	100	F.C.	582 090 452
L'AGENDA MODERNE	144 Quai de Jemmapes 75010 PARIS	100	100	F.C.	552 097 347
CARTOREL	358 Avenue de Paris 79025 NIORT	100	100	F.C.	025 770 470
CFR Ile Napoléon	RD 52 68490 OTTMARSHEIM	100	100	F.C.	439 721 697
PAPETERIES DE CLAIREFONTAINE	88480 ETIVAL CLAIREFONTAINE	100	100	F.C.	402 965 297
CLAIREFONTAINE RHODIA	RD 52 68490 OTTMARSHEIM	100	100	F.C.	339 956 781
CLAIRCELL	ZI – Rue de Chartres 28160 BROU	100	100	F.C.	432 357 358
COGIR	10 Rue Beauregard 37110 CHATEAU RENAULT	100	100	F.C.	885 783 159
REGISTRES LE DAUPHIN	27 Rue George Sand 38500 VOIRON	100	100	F.C.	055 500 953
MADLY	6 Rue Henri Becquerel 69740 GENAS	100	100	F.C.	400 210 449
EVERBAL	2 Route d'Avaux 02190 EVERGNICOURT	100	100	F.C.	542 091 194
EXACOMPTA	138 Quai de Jemmapes 75010 PARIS	100	100	F.C.	702 047 564
FACIMPRIM	15 Rue des Ecluses Saint Martin 75010 PARIS	100	100	F.C.	702 027 665

LALO	138 Quai de Jemmapes 75010 PARIS	100	100	F.C.	572 016 814
LAVIGNE	139-175 Rue Jean Jacques Rousseau 92130 ISSY LES MOULINEAUX	100	100	F.C.	332 346 444
PAPETERIE DE MANDEURE	14 Rue de la Papeterie 25350 MANDEURE	100	100	F.C.	339 310 807
MANUCLASS	ZI d'Etriché 49500 SEGRE	100	100	F.C.	318 110 665
CLAIRCELL INGENIERIE	ZI – Rue de Chartres 28160 BROU	100	100	F.C.	490 846 763
EDITIONS QUO VADIS	14 Rue du Nouveau Bêle 44470 CARQUEFOU	100	100	F.C.	054 807 748
IMPRIMERIE RAYNARD	6 Rue de la Peltière – 35130 LA GUERCHE DE BRETAGNE	100	100	F.C.	659 200 786
ROLFAX	ZI Route de Montdidier 60120 BRETEUIL	100	100	F.C.	432 030 088
PAPETERIES SILL	Rue du Moulin 62570 WIZERNES	100	100	F.C.	085 650 141
PHOTOWEB	1 Rue des Platanes 38120 SAINT–EGREVE	75	75	F.C.	428 083 703
APAX STUDIO	1 Rue des Platanes 38120 SAINT-EGREVE	75	75	F.C.	802 438 606
BRAUSE Produktion	D – 51149 KÖLN	100	100	F.C.	
EXACLAIR GmbH (Germany)	D – 51149 KÖLN	100	100	F.C.	
RODECO	D – 51149 KÖLN	100	100	F.C.	
MAKANE BOUSKOURA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
CLAIR MAROC	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
PUBLIDAY MULTIDIA	Parc industriel de Bouskoura, lot n°4 20180 BOUSKOURA	100	100	F.C.	
ERNST STADELMANN	Bahnhofstrasse 8 A – 4070 EFERDING	99	99	F.C.	
EXACLAIR (Spain)	E – 08110 MONTCADA I REIXAC	100	100	F.C.	
EXACLAIR (Belgium)	Boulevard Paepsem, 18D B – 1070 ANDERLECHT	100	100	F.C.	
EXACLAIR Inc (USA)	143 West 29th Street USA – NEW YORK	100	100	F.C.	

EXACLAIR Ltd (UK)	Oldmedow Road KING'S LYNN, Norfolk PE30 4LW	100	100	F.C.	
QUO VADIS International Ltd	1055 Rue Begin – Ville Saint Laurent QUEBEC H4R 1V8	100	100	F.C.	
EXACLAIR Italia Srl	Via Soperga, 36 I – 20127 MILANO	100	100	F.C.	
QUO VADIS Japon Co Ltd	Sangenjaya Combox 4F 1–32–3 Kamjuma Setagaya-Ku, TOKYO	100	100	F.C.	
QUO VADIS Editions Inc.	120 Elmview Avenue HAMBURG, NY 14075–3770	100	100	F.C.	
SCHUT PAPIER	Kabeljauw 2 NL – 6866 HEELSUM	100	100	F.C.	

Changes affecting the scope of consolidation	
Companies newly consolidated - acquisitions	Companies deconsolidated
• None	• Deconsolidation of QUO VADIS POLONIA Spzoo, company in liquidation

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

2. INFORMATION ON THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

2.1 Non-current assets

2.1.1 Intangible assets

Trademarks

“Concessions, patents, licences” includes trademarks totalling €8,655,000. No impairment was recorded in the first half 2015 financial statements.

Goodwill

Reported goodwill at 30 June 2015 largely applied to five subsidiaries. The segment information shows the breakdown of goodwill by business and geographic segment.

No impairment was recorded in the first half 2015 financial statements, as no indication of loss of value was identified in any of the CGUs.

2.1.2 Property, plant and equipment

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

Finance leases included in the respective tables

€000	**30/06/2015**	**31/12/2014**
Property, plant and equipment	**9,376**	**9,376**
Land	5	5
Buildings	689	689
Plant and equipment	8,682	8,682
Depreciation	**9,203**	**8,965**
Accumulated b/fwd	8,965	8,988
Increase for the period	238	496
Disposals of fixed assets		(519)
Loans	**0**	**0**

2.1.3 Financial assets

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

2.1.4 Intangible assets

At 30 June 2015 (€000)	Goodwill	Concessions, patents, licences and similar rights	Other	Total
Gross value b/fwd	36,956	27,817	2,817	67,590
Purchases		348	43	391
Sales		(553)		(553)
Changes in scope of consolidation			(6)	(6)
Currency translation adjustments		10	47	57
Transfers and other		137	5	142
Gross value c/fwd	**36,956**	**27,759**	**2,906**	**67,621**
Amortisation and write-downs b/fwd	5,494	15,382	1,840	22,716
Sales		(552)		(552)
Changes in scope of consolidation			(6)	(6)
Amortisation		759	149	908
Write-downs				
Reversals				
Currency translation adjustments		9	33	42
Transfers and other				
Amortisation and write-downs c/fwd	**5,494**	**15,598**	**2,016**	**23,108**
Net book value b/fwd	**31,462**	**12,435**	**977**	**44,874**
Net book value c/fwd	**31,462**	**12,161**	**890**	**44,513**

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

2.1.5 Property, plant and equipment

At 30 June 2015 (€000)	Land and buildings	Plant and equipment	Other PP&E	Advances and PP&E in progress	Total
Gross value b/fwd	145,441	414,357	33,463	5,090	598,351
Purchases	313	2,784	843	4,307	8,247
Sales	(264)	(2,430)	(378)		(3,072)
Changes in scope of consolidation		(36)	(3)		(39)
Currency translation adjustments	658	1,117	136		1,911
Transfers and other	24	3,646	291	(4,167)	(206)
Gross value c/fwd	**146,172**	**419,438**	**34,352**	**5,230**	**605,192**
Depreciation and write-downs b/fwd	76,668	278,897	27,390	0	382,955
Sales	(264)	(2,095)	(339)		(2,698)
Changes in scope of consolidation		(36)	(3)		(39)
Depreciation	2,355	9,151	911		12,417
Write-downs					
Reversals					
Currency translation adjustments	272	959	123		1,354
Transfers and other					
Depreciation and write-downs c/fwd	**79,031**	**286,876**	**28,082**	**0**	**393,989**
Net book value b/fwd	**68,773**	**135,460**	**6,073**	**5,090**	**215,396**
Net book value c/fwd	**67,141**	**132,562**	**6,270**	**5,230**	**211,203**

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

2.1.6 Financial assets

At 30 June 2015 (€000)	Unconsolidated equity interests	Intercompany receivables	Loans	Other receivables	Total
Gross value b/fwd	1,861	0	876	3,805	6,542
Purchases			23	55	78
Sales					
Changes in scope of consolidation	897				897
Currency translation adjustments				11	11
Transfers and other			(38)	(300)	(338)
Gross value c/fwd	**2,758**	**0**	**861**	**3,571**	**7,190**
Write-downs b/fwd	1,282	0	0	2	1,284
Purchases/Sales					
Changes in scope of consolidation	897				897
Write-downs	42				42
Reversals					
Currency translation adjustments					
Transfers and other					
Write-downs c/fwd	**2,221**	**0**	**0**	**2**	**2,223**
Net book value b/fwd	**579**	**0**	**876**	**3,803**	**5,258**
Net book value c/fwd	**537**	**0**	**861**	**3,569**	**4,967**

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

Other receivables consist mainly of deposits and bonds totalling €3,183,000 at 30 June 2015, compared to €3,175,000 at 31 December 2014.

2.1.7 Table of maturities of other financial assets

At 30 June 2015 (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans	72	110	679	861
Other financial assets	1,373	1,026	1,172	3,571
Financial assets and receivables	**1,445**	**1,136**	**1,851**	**4,432**

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

2.2 Current assets

2.2.1 Inventories by type

At 30 June 2015 (€000)	Raw materials	WIP	Semi-finished and finished goods	Total
Gross value b/fwd	56,023	18,326	97,146	171,495
Change	2,623	517	16,229	19,369
Gross value c/fwd	**58,646**	**18,843**	**113,375**	**190,864**
Write-downs b/fwd	4,881	1,016	4,965	10,862
Additions	4,419	670	2,197	7,286
Reversals	(3,281)	(886)	(2,559)	(6,726)
Currency translation adjustments and other	6		7	13
Write-downs c/fwd	**6,025**	**800**	**4,610**	**11,435**
Net book value b/fwd	**51,142**	**17,310**	**92,181**	**160,633**
Net book value c/fwd	**52,621**	**18,043**	**108,765**	**179,429**

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

2.2.2 Write-down of other current assets

€000	Write-downs b/fwd	Additions	Reversals	Other changes	Write-downs c/fwd
Trade receivables	3,194	1,033	(1,131)	4	3,100
Other receivables	177		(1)	400	576
Total	**3,371**	**1,033**	**(1,132)**	**404**	**3,676**

Statement of maturities of trade and other receivables

€000	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and similar receivables	142,626	1,033		143,659
Taxes and social security contributions receivable	9,947			9,947
Debit current accounts	574			574
Other receivables	2,252			2,252
	155,399	**1,033**		**156,432**
Impairment				(3,676)
Financial assets				**152,756**
Prepaid expenses				3,756
Reported trade and other receivables				**156,512**

2.2.3 Marketable securities

Marketable securities are assets valued at fair value through profit or loss. The book value of €30,835,000 is their market value at 30 June 2015. The book value is equal to the fair value.

2.3 Shareholders' equity

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

ETABLISSEMENTS CHARLES NUSSE holds 80.46% of the share capital.

2.4 Deferred taxes

The principal sources of deferred taxes are the regulated provisions, finance leases, public subsidies, trademarks, internal profits on inventories, provisions and the impact of the application of IFRIC 21 - *Levies*.

The change in balance sheet deferred taxes amounted to a €50,000 reduction in the net deferred tax liability.

Income statement:
- The change in deferred taxes under income was a €38,000 deferred tax expense.
- The change in deferred taxes under comprehensive income was a €84,000 reduction due to restatement of actuarial gains and losses pursuant to IAS 19R.

The tax calculation is presented in paragraph 2.11.

<u>Statement of changes in deferred tax</u>

€000	Closing balance	Opening balance	Change
Deferred tax assets	905	988	(83)
Deferred tax liabilities	29,315	29,448	(133)
Net deferred tax	**28,410**	**28,460**	**(50)**

2.5 Provisions

Provisions break down as follows:

€000	Provisions b/fwd	Additions	Reversals	Provisions not used	Other changes	Provisions c/fwd
Provisions for pensions and similar obligations	19,456	1,517	(760)	(229)	258	20,242
Other non-current provisions	0					0
Non-current provisions	**19,456**	**1,517**	**(760)**	**(229)**	**258**	**20,242**
Provisions for contingent liabilities	4,034	366	(224)	(315)	2	3,863
Other provisions for charges	205	222	(4)			423
Current provisions	**4,239**	**588**	**(228)**	**(315)**	**2**	**4,286**

Other changes in provisions for pensions and similar obligations correspond to €252,000 of actuarial adjustments recorded under comprehensive income, amounting to €168,000 after tax.

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

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

- probability of retirement, staff turnover and mortality;
- projected salary increases;
- discounting the resulting liability at 2.05 %.

The amounts paid to insurance organisations are deducted from provisions.

<u>Net change in the provision for pensions and similar obligations</u>

€000	**H1 2015**	**2014**
Liability b/fwd	**19,456**	**17,613**
Cost of services rendered	1,004	906
Financial expense	460	521
Changes for the period	(930)	(1,039)
→ *o/w new recruits*	*70*	*185*
→ *o/w departures during the year*	*(1,000)*	*(1,224)*
Liability excluding actuarial gains and losses	**19,990**	**18,001**
Actuarial gains and losses under comprehensive income	252	1,455
Liability c/fwd	**20,242**	**19,456**

The recorded liability includes €16,865,000 of obligations under the plan applicable to French companies and €3,377,000 under plans applicable to foreign companies.

2.6 Loans and borrowings with financial institutions

<u>Statement of liquidity risk</u>

€000	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Loans from financial institutions	7,247	29,107	9,320	45,674
Other borrowings	7,269	2,782	19	10,070
Bank loans and overdrafts	55,468			55,468
Subtotal	**69,984**	**31,889**	**9,339**	**111,212**
Shareholder loan accounts (credit balance)	10,000			10,000
Accrued interest	47			47
Total	**80,031**	**31,889**	**9,339**	**121,259**
Estimated interest to maturity				*3,980*

- Including current liabilities €80,031,000
- Including non-current liabilities €41,228,000

The short-term portion of other borrowings includes a €7,060,000 put option on minority interests in Photoweb.

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

2.7 Issuance & financial instruments programmes

Commercial paper

Short-term needs are financed by commercial paper issued by Exacompta Clairefontaine. A fixed rate determined at the moment of issue is paid on the commercial paper, which has a maximum term of 365 days.
The amount recorded under “Current portion of interest-bearing debt” was €50 million at the balance sheet date. The maximum amount of commercial paper that may be issued was €125 million at 30 June 2015.

Lines of credit

Lines of credit are in place with several banks for a total amount of €127 million, with maturities not exceeding 4 years. The term of drawdowns ranges from one week to six months. No amounts had been drawn as at 30 June 2015. As there have been no drawdowns, the half-year financial statements have not been affected by the related covenants.
Long term financing is arranged through negotiated loans.

Financial instruments

The Group uses derivatives products mainly to hedge against interest rate risks. Transactions performed to hedge exchange rate risks are non material.
The fair value of the financial instruments is communicated by the financial institutions from which they are obtained.
The change in fair value was recorded as financial income amounting to €219,000.

Interest rate risks

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

A change of 1 percent (100 basis points) in interest rates would have an impact of €507,000 on first half 2015 net income.

Portfolio of financial instruments

Residual maturity (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest rate swaps	2,772	14,310	4,422	21,504

The amounts shown in the table are current notional amounts.

2.8 Other current liabilities

€000	30/06/2015	31/12/2014
Advances and down payments received	2,592	1,044
Taxes and social security contributions payable	41,274	34,766
Fixed asset payables	1,587	3,207
Other liabilities	14,267	9,625
Deferred income	544	534
Derivative financial instruments	372	591
Total	**60,636**	**49,767**

Derivative financial instruments are recorded at fair value.

2.9 Fair value of financial instruments

Accounting classes and fair value

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

€000	Note	Assets at acquisition cost	Measured at FVTPL	Loans and receivables	Total book value	Fair value
Unconsolidated equity interests	**2.1.6**	537			537	537
Loans	**2.1.6**			861	861	740
Other receivables	**2.1.6**			3,569	3,569	3,569
Cash and cash equivalents	**Assets**		68,659		68,659	68,659
Trade and intercompany receivables	**2.2.2**			140,559	140,559	140,559
Total Assets		**537**	**68,659**	**144,989**	**214,185**	**214,064**

€000	Note	Fair value of derivatives	Other financial liabilities	Total book value	Fair value
Interest rate swaps	**2.8**	372		372	372
Loans from financial institutions	**2.6**		45,674	45,674	45,674
Other borrowings	**2.6**		10,070	10,070	10,070
Bank loans and overdrafts	**2.6**		55,468	55,468	55,468
Shareholder loan accounts (credit balance)	**2.6**		10,000	10,000	10,000
Amounts payable on fixed assets	**2.8**		1,587	1,587	1,587
Trade payables	**Liabilities**		60,732	60,732	60,732
Total Liabilities		**372**	**183,531**	**183,903**	**183,903**

Ranking of fair values

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

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

€000	Note	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	**Assets**	68,659	–	–
Liabilities				
Interest rate swaps	**2.8**	–	372	–

2.10 Off-balance sheet commitments

➢ Greenhouse gas emission allowances

The principles applied by the Group are set forth in note 12 of the presentation of the consolidated financial statements.
There is no measurable commitment given that freely allocated allowances are only accounted for in terms of volumes. The volume allocated for 2015 is 70,715 tonnes.

➢ Sureties and guarantees

Exacompta Clairefontaine:

- jointly and severally guarantees payment to Exeltium for all liabilities arising from purchases of blocks of electricity contracted by Papeteries de Clairefontaine.
- guarantees three loans taken out by its subsidiary Lavigne. The outstanding principal at 30 June 2015 was €10,533,000.

2.11 Income tax – Calculation of tax

€000	H1 2015	H1 2014
Consolidated net income/(loss) before goodwill impairment	3,683	(194)
Goodwill impairment		2,000
Income taxes	1,555	1,212
Deferred taxes	38	(455)
Consolidated tax base	5,276	2,563
Statutory tax rate applicable to parent company	33.33%	33.33%
Theoretical tax charge	**1,759**	**854**
Uncapitalised tax assets on foreign companies	169	461
Tax rate differences	(209)	(104)
Accounting/tax timing differences	(274)	(414)
Tax debits and credits	148	(40)
Actual tax charge	**1,593**	**757**

Income taxes	1,555	1,212
Deferred taxes	38	(455)
Reported tax charge	**1,593**	**757**

2.12 Group headcount and employee benefits

Average headcount	H1 2015	H1 2014
Management	473	490
Employees	875	890
Labourers and other salaried workers	1,784	1,849
Total	**3,132**	**3,229**

Expenses recorded for defined contribution schemes (€000)	20,450	20,479

The Competitiveness and Employment tax credit (CICE) is recorded as a reduction in personnel expenses and came to €1,728,000 for the first half of 2015.

2.13 Financial income and expenses

€000	H1 2015	H1 2014
Equity interests and income from other financial assets	20	5
Income from other receivables and marketable securities	327	331
Other financial income	126	84
Financial instruments – change in fair value	219	89
Foreign exchange gains	2,640	693
Net gain on sale of marketable securities	18	20
Total financial income	**3,350**	**1,222**
Increase in provisions and write-downs	42	42
Interest and financial expenses	640	348
Foreign exchange losses	1,459	456
Other financial expenses	173	130
Total financial expenses	**2,314**	**976**

2.14 Related parties

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

€000	**30/06/2015 (6 months)**	**31/12/2014 (12 months)**
Balance sheet		
Short-term portion of interest-bearing debt: shareholder loan	10,000	10,000
Income statement		
Financial expenses	100	74
Fees	634	1,138
Leases	2,645	5,863

Group companies receive management services from Etablissements Charles Nusse and pay a fee amounting to 0.6% of the value added of the previous year.

- Remuneration of administrative and management bodies:

The total direct and indirect remuneration of all kinds received by all Group managers amounted to €889,000.
No other benefits are granted to Group senior executives.

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

3. SEGMENT INFORMATION

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

➢ Segment information by business – First half 2015

€000	Paper	Processing	Intersegment transactions	Total
Segment income statement				
Revenue	137,545	207,708	(68,220)	277,033
Depreciation/amortisation (net of reversals)	5,843	7,482		13,325
Write-downs and provisions	1,618	(583)		1,035
Operating income/(loss) (excl. goodwill)	4,456	(168)	(48)	4,240
Goodwill impairment				
Segment assets				
Net PP&E and intangible assets	104,724	119,530		224,254
o/w investments	*2,814*	*5,824*		*8,638*
Goodwill		31,462		31,462
Trade receivables	47,015	127,503	(33,959)	140,559
Other receivables	3,789	12,337	(173)	15,953
Balance sheet total	*50,804*	*139,840*	*(34,132)*	*156,512*
Other assets allocated	54,148	129,755	(2,162)	181,741
Unallocated assets				*5,240*
Total assets	209,676	420,587	(36,294)	599,209
Segment liabilities				
Current provisions	2,001	2,285		4,286
Trade payables	23,739	70,956	(33,963)	60,732
Other payables	20,385	40,424	(173)	60,636
Unallocated liabilities				*47*
Total liabilities	46,125	113,665	(34,136)	125,701

➢ Segment information by region – First half 2015

€000	France	Europe	Outside Europe	Total
Revenue	176,316	84,614	16,103	277,033
Net PP&E and intangible assets	207,072	9,359	7,823	224,254
o/w investments	*8,070*	*457*	*111*	*8,638*
Goodwill	31,462			31,462
Trade receivables	120,091	17,262	3,206	140,559
Other receivables	12,710	729	2,514	15,953
Balance sheet total	*132,801*	*17,991*	*5,720*	*156,512*
Other assets allocated	168,237	6,637	6,867	181,741
Unallocated assets				*5,240*
Total assets	539,572	33,987	20,410	599,209

➢ Segment information by business – First half 2014

€000	Paper	Processing	Intersegment transactions	Total
Segment income statement				
Revenue	135,750	194,180	(64,381)	265,549
Depreciation/amortisation (net of reversals)	5,925	7,653		13,578
Write-downs and provisions	548	316		864
Operating income/(loss) (excl. goodwill)	6,523	(3,984)	(222)	2,317
Goodwill impairment		2,000		2,000
Segment assets				
Net PP&E and intangible assets	109,953	122,179		232,132
o/w investments	*1,634*	*5,889*		*7,523*
Goodwill		32,233		32,233
Trade receivables	46,084	116,653	(34,746)	127,991
Other receivables	3,754	12,153	(127)	15,780
Balance sheet total	*49,838*	*128,806*	*(34,873)*	*143,771*
Other assets allocated	53,089	129,093	(2,312)	179,870
Unallocated assets				*4,325*
Total assets	212,880	412,311	(37,185)	592,331
Segment liabilities				
Current provisions	1,772	2,141		3,913
Trade payables	22,763	68,220	(34,733)	56,250
Other payables	21,626	37,383	(188)	58,821
Unallocated liabilities				*0*
Total liabilities	46,161	107,744	(34,921)	118,984

➢ Segment information by region – First half 2014

€000	France	Europe	Outside Europe	Total
Revenue	171,840	80,346	13,363	265,549
Net PP&E and intangible assets	215,354	8,818	7,960	232,132
o/w investments	*6,552*	*500*	*471*	*7,523*
Goodwill	32,233			32,233
Trade receivables	111,099	14,122	2,770	127,991
Other receivables	12,565	757	2,458	15,780
Balance sheet total	*123,664*	*14,879*	*5,228*	*143,771*
Other assets allocated	164,906	7,725	7,239	179,870
Unallocated assets				*4,325*
Total assets	536,157	31,422	20,427	592,331

Exacompta Clairefontaine S.A.

Certification
of the half-year financial report

I hereby certify that to the best of my knowledge the financial statements for the half year ended have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets and liabilities, financial position and earnings of the company and all the companies included in the consolidation. I also certify that the half-year activity report enclosed herein presents a true and fair view of the main events occurring during the first six months of the year, their impact on the financial statements and the main related party transactions and that it includes a description of the main risks and uncertainties affecting the remaining six months of the year.

Jean Marie Nusse
Executive Vice President

Exacompta Clairefontaine S.A.

Statutory Auditors' Report
on the half-year financial report

SEREC AUDIT
70 bis Rue Mademoiselle
75015 PARIS

BATT AUDIT
25 Rue du Bois de la Champelle
54500 VANDŒUVRE-LES-NANCY

EXACOMPTA CLAIREFONTAINE

STATUTORY AUDITORS' REPORT
ON THE FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 June 2015

To the Shareholders,

In accordance with our engagement by your Shareholders' General Meeting, and in application of Article L. 451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the attached consolidated financial statements of **EXACOMPTA CLAIREFONTAINE** for the period from 1 January to 30 June 2015;

- verified the information contained in the half-year activity report.

The consolidated half-year financial statements were prepared under the responsibility of the Board of Directors. It is our responsibility, based on our limited review, to express an opinion on those statements.

1. Opinion on the financial statements

We performed our limited review in accordance with professional standards applicable in France. A limited review mainly involves the conducting of interviews with the senior executives responsible for accounting and financial matters and the implementation of analytical procedures. The work is of limited scope compared to the work required for an audit performed in accordance with auditing standards applicable in France. Accordingly, a limited review provides only a moderate degree of assurance, less than that provided by an audit, that the financial statements, taken as a whole, are free from material misstatements.

On the basis of our limited review, we did not identify any material misstatements that cause us to question, with regard to IFRS as adopted by the European Union, the validity and accuracy of the consolidated half-year financial statements and the fact that they give a true and fair view of the assets, liabilities and financial position as at 30 June 2015 and of the earnings for the six months ended 30 June 2015 of the persons and entities included in the consolidation.

Without qualifying the foregoing conclusion, we hereby draw your attention to paragraph 2 of the notes to the financial statement entitled "Adoption of international standards", which explains the retrospective effect of the changes in accounting methods resulting from first-time application of IFRIC 21.

2. Specific verifications

We have also verified the information provided in the half-year activity report commenting on the consolidated half-year financial statements on which we performed our limited review. We have no comments to make about the accuracy of the said activity report or its consistency with the consolidated half-year financial statements.

Paris, 25 September 2015

Statutory Auditors

SEREC AUDIT	BATT AUDIT
Dominique Gayno	**Jéhanne Garrait**