



Interim Financial Report 2010

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CHARGEURS

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Six months ended June 30, 2010

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

Assets	June 30, 2010	December 31, 2009
Non-current assets		
Property, plant and equipment (note 5)	63.6	61.4
Intangible assets (note 6)	75.9	67.5
Investments in associates	20.5	17.3
Deferred tax assets (note 8)	13.5	12.6
Non-current financial assets		
Investments in non-consolidated companies	1.6	1.5
Long-term loans and receivables (note 9)	7.5	7.2
Derivative instruments (note 10)		
Other non-current assets	3.1	3.1
	185.7	170.6
Current assets		
Inventories and work-in-progress (note 11)	131.7	117.0
Trade receivables (note 12)	77.3	69.1
<i>Factored receivables (*)</i>	<i>57.1</i>	<i>45.7</i>
Derivative instruments (note 12)	0.6	1.2
Other receivables and prepaid expenses (note 13)	48.3	44.9
Cash and cash equivalents (note 14)	76.7	55.9
	391.7	333.8
Assets held for sale	5.8	5.8
Total assets	583.2	510.2

Interim Consolidated Financial Statements

Equity and liabilities	June 30, 2010	December 31, 2009
Equity		
<i>Attributable to equity holders of the parent</i>		
Share capital (note 15)	2.0	166.0
Share premium account (note 15)	36.4	32.2
Other reserves and retained earnings (note 15)	111.0	(10.8)
Profit/(loss) for the period	6.8	(45.9)
Treasury stock	(1.2)	(1.2)
Translation reserve	15.3	(10.1)
	170.3	130.2
<i>Minority interests</i>	7.0	6.0
Total equity	177.3	136.2
Non-current liabilities		
Convertible bonds (note 16)	12.6	
Long-term borrowings (note 17)	82.5	98.5
Deferred tax liabilities (note 8)	1.1	0.9
Pension and other post-employment benefit obligations (note 18)	11.7	11.1
Provisions (note 19)	5.0	5.8
Other non-current liabilities (note 20)	8.8	0.3
	121.7	116.6
Current liabilities		
Trade payables	101.2	100.8
Other payables (note 20)	56.7	59.3
<i>Factoring liabilities (*)</i>	57.1	45.7
Current income tax liability	1.5	1.2
Derivative instruments (note 10)	1.9	0.7
Short-term portion of long-term borrowings (note 17)	8.4	6.4
Short-term bank loans and overdrafts (note 20)	53.3	40.1
	280.1	254.2
Liabilities related to assets held for sale	4.1	3.2
Total equity and liabilities	583.2	510.2

Notes 1 to 32 are an integral part of the interim consolidated financial statements.

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

Consolidated Income Statement *(in euro millions)*

	First-half 2010	First-half 2009
Revenue	255.9	226.4
Cost of sales	(197.0)	(189.9)
Gross profit	58.9	36.5
Distribution costs	(27.8)	(26.4)
Administrative expenses	(16.9)	(18.1)
Research and development costs	(1.6)	(2.0)
Other operating income (note 22)	5.4	2.4
Other operating expense (note 22)	(5.3)	(7.2)
Operating profit/(loss)	12.7	(14.8)
Finance costs and other financial expense	(6.5)	(5.3)
Financial income	1.7	2.5
Finance costs and other financial income and expense, net (note 24)	(4.8)	(2.8)
Share of profit/(loss) of associates	1.3	(1.9)
Pre-tax profit/(loss) for the period	9.2	(19.5)
Income tax expense (note 25)	(2.3)	(7.0)
Profit/(loss) from continuing operations	6.9	(26.5)
Profit/(loss) from discontinued operations	(0.1)	
Profit/(loss) for the period	6.8	(26.5)
Attributable to:		
Equity holders of the parent	6.8	(26.4)
Minority interests	-	(0.1)
Earnings/(loss) per share (in euros)		
- Basic earnings/(loss) per share	0.6	(2.6)
- Diluted earnings/(loss) per share	0.4	(2.6)
Weighted average number of shares outstanding	10,496,762	10,227,381

Notes 1 to 32 are an integral part of the interim consolidated financial statements.

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

	First-half 2010	First-half 2009
Profit/(loss) for the period	6.8	(26.5)
Other comprehensive income/(expense)	(0.1)	(0.5)
Exchange differences on translating foreign operations	26.4	(1.5)
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	(1.2)	-
- Cumulative fair value adjustments reclassified to profit or loss		-
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/(expense) for the period, net of tax	25.1	(2.0)
Total comprehensive income/(expense) for the period	31.9	(28.5)
Attributable to:		
Equity holders of the parent	30.9	(28.3)
Minority interests	1.0	(0.2)

Notes 1 to 32 are an integral part of the interim consolidated financial statements.

Consolidated Statement of Cash Flows <i>(in euro millions)</i>	First-half 2010	First-half 2009
<i>Cash flows from operating activities</i>		
Pre-tax profit/(loss) of consolidated companies	7.9	(17.5)
Adjustments (note 32)	0.7	8.6
Income tax (paid)/refunded	(0.1)	0.8
Cash (used by)/generated from operations	8.5	(8.1)
Dividends from associates	0.3	0.4
Change in operating working capital	(15.1)	8.9
Net cash (used by)/from operating activities	(6.3)	1.2
<i>Cash flows from investing activities</i>		
Purchases of property, plant and equipment	(2.5)	(1.7)
Proceeds from sales of property, plant and equipment	1.2	0.4
Purchases of intangible assets	(0.1)	(0.4)
Purchases of investments and other non-current financial assets	(0.6)	(0.9)
Proceeds from disposals of investments and other non-current financial assets	-	0.1
Other movements	1.0	(0.5)
Net cash used by investing activities	(1.0)	(3.0)
<i>Cash flows from financing activities</i>		
Proceeds from issue of share capital on conversion of bonds	4.5	-
(Purchases)/sales of treasury stock	-	(0.1)
Proceeds from bond issues	21.5	-
Proceeds from new borrowings	-	0.1
Conversions of bonds	(4.5)	-
Repayments of borrowings	(8.3)	(0.6)
Other movements*	8.6	-
Net cash from/(used by) financing activities	21.8	(0.6)
Increase/(decrease) in cash and cash equivalents	14.5	(2.4)
Cash and cash equivalents at beginning of the period	55.9	57.8
Reclassification of cash and cash equivalents under "Assets held for sale"	1.2	-
Effect of changes in foreign exchange rates	5.1	(0.3)
Cash and cash equivalents at period-end	76.7	55.1

* See Note 20

Notes 1 to 32 are an integral part of the interim 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, 2008	166.0	32.2	(5.9)	(8.1)	(0.4)	(1.6)	182.2	6.3	188.5
Issue of share capital							0.0		0.0
Changes in treasury stock						(0.1)	(0.1)		(0.1)
Dividends paid							0.0		0.0
Profit/(loss) for the period			(26.4)				(26.4)	(0.1)	(26.5)
Other comprehensive income for the period			(0.5)	(1.4)			(1.9)	(0.1)	(2.0)
At June 30, 2009	166.0	32.2	(32.8)	(9.5)	(0.4)	(1.7)	153.8	6.1	159.9
At December 31, 2009	166.0	32.2	(57.1)	(10.1)	0.4	(1.2)	130.2	6.0	136.2
Issue of share capital	0.3	4.2					4.5		4.5
Capital reduction	(164.3)		164.3				0.0		0.0
Equity component of convertible bonds			4.6				4.6		4.6
Changes in treasury stock			0.1				0.1		0.1
Dividends paid							0.0		0.0
Profit/(loss) for the period			6.8				6.8		6.8
Other comprehensive income for the period			(0.1)	25.4	(1.2)		24.1	1.0	25.1
At June 30, 2010	2.0	36.4	118.6	15.3	(0.8)	(1.2)	170.3	7.0	177.3

Notes 1 to 32 are an integral part of the interim consolidated financial statements.

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1. General information

In first-half 2010, Chargeurs and its subsidiaries (the Chargeurs Group) were organized around three business lines: Chargeurs Protective Films (development and marketing of technical solutions to protect steel, aluminum, plastic and other surfaces during the production process), Chargeurs Interlining (interlining and technical fabrics production and marketing) and Chargeurs Wool (wool processing). Chargeurs is a *société anonyme* governed by the laws of France. Its headquarters are located at 29-31, rue Washington, 75008 Paris, France.

Chargeurs shares are listed on NYSE Euronext Paris.

The interim consolidated financial statements for the six months ended June 30, 2010 were approved by the Board of Directors on August 26, 2010. All amounts are expressed in millions of euros, unless otherwise specified.

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 first-half 2010 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

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.

During the first half of 2010, the Group carried out a convertible bond issue. Convertible bonds are compound financial instruments comprising two components – a financial liability and an equity instrument – which are measured and accounted for separately. In accordance with IAS 32 – Financial Instruments: Presentation, the equity component corresponds to the difference between the total proceeds of the bonds and the fair value of the liability, calculated using the market interest rate for similar bonds having no conversion rights. The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is not revised during the life of the instrument. The liability component is measured at amortized cost over the instrument's expected life. The portion of the bond debt due within one year is reported under "Convertible bonds – short-term portion"

As from January 1, 2010, the Group has applied the revised IFRS 3 – Business Combinations and the Amendments to IAS 27 – Consolidated and Separate Financial Statements. The application of these revised and amended standards had no impact on the consolidated financial statements for the six months ended June 30, 2010, as no transactions falling within their scope were carried out during the period.

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

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

a) New standards, amendments to existing standards and interpretations applicable in financial periods commencing on or after January 1, 2010:

a.1 – Adopted by the European Union

✓ Affecting the Group

- April 16, 2009 improvements to IFRSs.
- Amendment to IAS 27 – Consolidated and Separate Financial Statements.
- Amendment to IFRS 2 – Group Cash-settled Share-based Payment Arrangements.
- IFRS 3 (revised) – Business Combinations.
- 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 (interpretation and standard considered by management as not relevant to the Group's operations):

- IFRIC 12 – Service Concession Arrangements.
- IFRS 1 (revised) – First-Time Adoption of IFRS

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

b.1 – Not yet adopted by the European Union

✓ Affecting the Group:

- IFRS 9 – Financial Instruments
- Amendment to IAS 24 – Related Party Disclosures (November 2009)
- Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement.
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

✓ Not affecting the Group

- Amendment to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

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. to the 2009 consolidated financial statements. The recoverable amounts of cash-generating units (CGUs) were determined at December 31, 2009 based on calculations of value in use.

Given the consistency of first-half results with the business plans used to calculate the CGUs' value in use at December 31, 2009, it was not necessary to test the CGUs for impairment at June 30, 2010.

(b) Income tax

Based on updated projections of future taxable profit, at June 30, 2010 tax assets of €6.4 million were recognized for the losses of companies in the French tax group.

3.2 *Critical judgments*

For several years, the Group has sold receivables under no-recourse agreements. The amounts concerned have been disclosed as follows:

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 when the Group adopted IFRS in 2005, it was deemed prudent to keep these receivables on balance sheet and record a corresponding liability for the amount of the cash proceeds received.

4. Acquisitions - Disposals

There were no significant changes in the scope of consolidation during first-half 2010.

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:

<i>(in euro millions)</i>	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
January 1, 2009	5.6	27	28.6	6.7	3.5	71.4
Additions			0.2	0.1	1.3	1.6
Disposals			(0.4)	(0.1)		(0.5)
Changes in scope of consolidation						
Depreciation		(1.4)	(3.0)	(0.8)		(5.2)
Impairment						
Other	(0.2)	0.2	(0.4)	0.8	(0.6)	(0.2)
Translation adjustment		(0.2)	(0.3)			(0.5)
June 30, 2009	5.4	25.6	24.7	6.7	4.2	66.6

<i>(in euro millions)</i>	Land	Buildings	Plant and equipment	Fixtures and fittings	Assets under construction	Total
January 1, 2010	4.8	22.8	26.3	5.4	2.1	61.4
Additions		0.1	0.4	0.1	2.1	2.7
Disposals			(0.2)			(0.2)
Change in scope of consolidation						
Depreciation		(1.2)	(3.2)	(0.8)		(5.2)
Impairment						
Other			0.8	0.1	(0.9)	
Translation adjustment	0.1	1.4	3.0	0.2	0.2	4.9
June 30, 2010	4.9	23.1	27.1	5.0	3.5	63.6

6. Goodwill and other intangible assets

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

<i>(in euro millions)</i>	Gross	Accumulated impairment losses	Net
January 1, 2009	79.5	(15.7)	63.8
Goodwill:			
- Recognized on acquisitions for the period			
- Written off on disposals for the period			
- On companies removed from the scope of consolidation			
Translation adjustment	(0.8)		(0.8)
Changes in scope of consolidation			
Impairment losses recognized during the period			
June 30, 2009	78.7	(15.7)	63.0
January 1, 2010	77.8	(15.7)	62.1
Goodwill:			
- Recognized on acquisitions for the period			
- Written off on disposals for the period			
- On companies removed from the scope of consolidation			
Translation adjustment	8.2		8.2
Changes in scope of consolidation			
Impairment losses recognized during the period			
June 30, 2010	86.0	(15.7)	70.3

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

<i>(in euro millions)</i>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Chargeurs Protective Films	52.6	45.0
Chargeurs Interlining	17.7	17.1
Total	70.3	62.1

Goodwill impairment tests

As explained in note 3.1 (a), no impairment losses were recognized on goodwill at June 30, 2010. The change in the value of goodwill during the period was entirely due to the effect of changes in exchange rates.

b) Other intangible assets

<i>(in euro millions)</i>	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		0.1			0.1
Additions				0.3	0.3
Disposals					
Change in scope of consolidation					
Amortization		(0.1)		(0.1)	(0.2)
Impairment					
Other					
Translation adjustment	(0.1)				(0.1)
June 30, 2009	1.5	2.1	2.2	0.8	6.6

<i>(in euro millions)</i>	Trademarks and patents	Development costs	Rights of use	Other	Total
January 1, 2010	0.7	2.2	1.4	1.1	5.4
Capitalized development costs					
Additions	0.2			0.1	0.3
Disposals	(0.2)				(0.2)
Change in scope of consolidation					
Amortization		(0.2)		(0.1)	(0.3)
Impairment					
Other					
Translation adjustment			0.3	0.1	0.4
June 30, 2010	0.7	2.0	1.7	1.2	5.6

7. Finance leases

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

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Land	3.0	2.9
Buildings	30.0	30.4
Plant and equipment	18.6	17.5
Fixtures, fittings and other	7.8	9.0
Gross	59.4	59.8
Accumulated depreciation	(31.6)	(30.5)
Accumulated impairment	(9.6)	(9.6)
Net	18.2	19.7

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

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Future minimum lease payments under finance leases	25.8	27.7
Finance lease liabilities	22.8	25.4
Future finance cost	3.0	2.3

Future lease payments can be analyzed by maturity as follows:

<i>(in euro millions)</i>	Minimum lease payments	Finance lease liabilities
Due in less than one year	6.2	5.0
Due in one to five years	19.6	17.8
Due in more than five years		
Total at June 30, 2010	25.8	22.8
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

The main finance leases correspond to sale-and-leaseback transactions on real estate, for which financing is generally obtained for periods ranging from seven to fifteen years.

8. Deferred taxes

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

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Deferred tax assets, net		
- Recoverable beyond 12 months	9.3	10.7
- Recoverable within 12 months	14.3	12.9
Deferred tax liabilities		
- Settlement beyond 12 months	(8.3)	(10.1)
- Settlement within 12 months	(2.9)	(1.8)
Net	12.4	11.7

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

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Deferred tax assets, net		
- Deductible temporary differences	15.7	16.5
- Tax loss carryforwards and tax credits	8.0	7.1
Deferred tax liabilities		
- Taxable temporary differences	(11.3)	(11.9)
Net	12.4	11.7

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.

9. Long-term loans and receivables

The €7.5 million total for this item breaks down as follows:

- Long-term loans in an amount of €2.3 million.
- Long-term deposits in an amount of €5.2 million.

The fair value of these assets approximates their carrying amount.

10. Derivative instruments

The carrying amount of derivatives can be analyzed as follows:

<i>(in euro millions)</i>	June 30, 2010		December 31, 2009	
Assets net of liabilities	Fair value	Notional	Fair value	Notional
<i>Fair value hedges</i>				
Currency hedges (a)	(0.4)	15.3	0.3	14.4
<i>Cash flow hedges</i>				
Currency hedges (a)	(0.9)	16.4	0.3	1.0
Interest rate hedges				
Commodity hedges			-	-
<i>Hedges of net investments in foreign operations</i>				
Currency hedges (a)				
<i>Derivatives not qualifying for hedge accounting</i>				
Currency hedges (a)				
Interest rate hedges			(0.1)	(48.0)
Derivative instruments - net asset/(liability)	(1.3)		0.5	

(a) Notional amounts shown in parentheses correspond to net seller positions.

Fair value hedges on a notional amount of €15.3 million correspond to hedges of assets and liabilities and firm commitments by subsidiaries.

Cash flow hedges on a notional amount of €16.4 million correspond to hedges of the Group's exposure to changes in the exchange rate for the US dollar and Chinese yuan against the euro.

The interest rate hedge was unwound during first-half 2010.

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

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Australian dollar	8.4	11.2
US dollar	21.2	(4.3)
Euro	(4.8)	2.4
British pound	3.4	3.8
Danish krone		2.3
Canadian dollar		
New Zealand dollar		
South African rand	1.8	
Korean won	1.7	
Chinese yuan		
Total	31.7	15.4

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

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Euro	-	(48.0)

Maturities of derivatives at fair value

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Within 6 months	(1.3)	0.5
In more than 6 months		-

11. Inventories and work-in-progress

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

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Gross		
Raw materials and supplies	59.7	52.1
Finished and semi-finished goods and work-in-progress	79.7	72.4
Total - gross	139.4	124.5
Provisions for impairment	(7.7)	(7.5)
Net	131.7	117.0
Increase in provisions for impairment of inventory	(1.8)	(4.1)
Reversals of provisions used	1.1	3.5
Reversals of surplus provisions	1.0	3.1

12. Trade receivables

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Trade receivables		
Gross	90.7	82.1
Provision for impairment	(13.4)	(13.0)
Net	77.3	69.1

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.

Factored receivables

At June 30, 2010, certain receivables had been sold under no-recourse agreements with factoring companies.

The amounts paid by the factoring companies for the receivables totaled €57.1 million at June 30, 2010 (€45.7 million at December 31, 2009).

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).

13. Other receivables and prepaid expenses

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Short-term tax receivables	0.6	1.2
Other receivables	47.6	44.4
Accruals	1.6	1.1
Provisions for impairment	(1.5)	(1.8)
Net	48.3	44.9

The fair value of these assets approximates their carrying amount.

14. Cash and cash equivalents

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

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Marketable securities	16.8	9.5
Term deposits	10.8	7.3
Sub-total	27.6	16.8
Cash at bank	49.1	39.1
Total	76.7	55.9

15. Equity

All Chargeurs shares have been called and are fully paid-up. Changes in the number of shares outstanding since January 1, 2009 are as follows:

Shares outstanding at January 1, 2009	10,377,097
Issuance of shares on exercise of employee stock options	-
Shares outstanding at December 31, 2009	10,377,097
Issuance of shares on conversion of bonds by bondholders	2,213,460
Shares outstanding at June 30, 2010	12,590,557

a) Capital reduction

At the Extraordinary Meeting held on February 8, 2010, shareholders authorized the Board to reduce the shares' par value from €16 to €0.16 and transferring the corresponding amount from the capital account to a reserve account.

Based on a par value of €0.16 per share, shares outstanding at June 30, 2010 represented issued capital of €2,014,489.12 (December 31, 2009: €166,033,552).

All of the shares are of the same class, with the same rights to dividends and returns of capital.

b) Equity component of convertible bonds

Chargeurs carried out a convertible bond issue on April 15, 2010 (see note 16). In accordance with IAS 32, the bonds' equity component – corresponding to the value of the conversion option – was recognized in equity on the issue date in the amount of €4.6 million (see note 16).

c) Conversion of bonds into shares

During the period, 81,980 bonds were converted into shares. The aggregate par value of the shares issued on conversion was €0.3 million and the aggregate premium was €4.2 million, for a total of €4.5 million.

	First-half 2010
Number of convertible bonds	
- At January 1, 2010	415,083
- Converted during the period	81,980
- At June 30, 2010	333,103
Number of shares issued on conversion of bonds	
- At January 1, 2010	-
- Conversions for the period	2,213,460
- Shares issued in payment of interest	-
- At June 30, 2010	2,213,460
Number of shares potentially issuable between June 30, 2010 and January 1, 2016	
- Minimum number of shares	2,018,604
- Maximum number of shares	10,659,296
Aggregate face value of the bonds at issuance (in euros)	22,829,565
Maximum amount redeemable at maturity (bonds outstanding at June 30, 2010)	18,320,665

c) Treasury stock

Shares held in treasury can be analyzed as follows:

	June 30, 2010		December 31, 2009	
	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	103,000	972,436
Total	116,334	1,203,287	116,334	1,203,287

d) Other reserves

“Other reserves” include cumulative net losses on cash flow hedges for €0.8 million at June 30, 2010 and cumulative net gains of €0.3 million at December 31, 2009.

16. Convertible bonds

a) Description of the operation

In April 2010, Chargeurs SA issued 415,083 subordinated convertible bonds with a nominal value of €55, with pre-emptive subscription rights for existing shareholders.

The offer ran from March 15 to 29 and was subscribed 1.78 times.

Principal terms of the bond issue:

Conversion of bonds into shares

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

Coupon

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

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

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

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

Life of the bonds

5 years and 261 days.

Redemption at maturity

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

Buyback and retirement of the bonds by the Company

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

Retirement of the bond issue at the option of the Company

Subject to the unanimous agreement of the banks that are parties to the February 7, 2010 debt restructuring agreement, the Company may, at any time between January 1, 2012 and the bonds' maturity date, provided it gives at least 30 days' notice, redeem all outstanding bonds at par if the arithmetical average of the opening prices quoted for the Company's shares on NYSE Euronext Paris over ten consecutive trading days within the 20-day period preceding the publication of the retirement notice exceeds €6.

Listing

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

Conversion ratio adjustments

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

b) Accounting treatment

The accounting treatment of the convertible bonds in accordance with IAS 32 led to a €4.6 million increase in equity.

The market interest rate used to calculate the fair value of the debt and the initial breakdown between the bonds' debt and equity components are presented below:

- Market interest rate used to calculate fair value: 5.35%
- Effective interest rate: 7.95%
- Fair value of the debt on the issue date: €16.8 million

The related finance cost for the six months ended June 30, 2010 was €0.3 million.

On June 30, 2010, 81,980 bonds were converted, leading to a €4.5 million decrease in the outstanding debt.

<i>(in euro millions)</i>	Initial amount	Impact on first-half 2010 profit	Conversions for the period	June 30, 2010
Cash and cash equivalents	21.5			21.5
Share capital			0.3	0.3
Share premium account (conversion premium)			4.2	4.2
Reserves	4.6			4.6
Finance costs		(0.3)		(0.3)
Convertible bonds	16.8	0.3	(4.5)	12.6

17. 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.

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Bank borrowings	68.1	79.5
Finance lease liabilities	22.8	25.4
Total	90.9	104.9

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

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Due in less than one year	8.4	6.4
Due in one to two years	39.7	9.1
Due in two to three years	21.9	61.7
Due in three to four years	14.0	17.9
Due in four to five years	6.8	7.7
Due in more than five years	0.1	2.1
Total	90.9	104.9

Borrowings by type

<i>(in euro millions)</i>	Notional amount June 30, 2010	Notional amount December 31, 2009	Effective interest rate June 30, 2010
Loans from financial institutions	90.9	104.9	2.40%
Bank overdrafts	53.3	40.1	-

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

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015 and beyond
Fixed-rate borrowings	2.7	5.5	6.9	0.4	0.1	
Variable-rate borrowings	75.3					

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates applied. At June 30, 2010, the carrying amount of borrowings originally contracted at fixed rates was €15.6 million.

The average interest rate on long-term debt before hedging was 2.40% at June 30, 2010 and 1.72% at December 31, 2009. No interest rate hedges were in force at June 30, 2010. At December 31, 2009, the average interest rate after hedging was 2.72%.

After hedging, 15.3% of average debt was at fixed rates of interest in first-half 2010 (51.2% in 2009).

Long-term debt was denominated in the following currencies at June 30, 2010 and December 31, 2009:

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Euro	81.9	92.8
US dollar	6.2	7.6
Other	2.8	4.5
Total	90.9	104.9

In 2009, the Group began negotiations with its partner banks to consolidate its financing resources by restructuring part of its debt.

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 are 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	< 11.2	< 40.0
Interest cover (EBITDA/finance costs)	> 2.7	> 0.4

18. Pension and other post-employment benefit obligations

Provisions for pension and other post-employment benefit obligations increased to €11.7 million at June 30, 2010 from €11.1 million at December 31, 2009, primarily due to the effect of changes in exchange rates.

There were no material changes in plan assets for partially funded plans at June 30, 2010 compared with the disclosures made at December 31, 2009.

19. Provisions

Provisions can be analyzed as follows:

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Long-term provisions	5.0	5.8
Short-term provisions (a)	10.8	14.6
Total	15.8	20.4

(a) Included in "Other payables".

Movements in provisions:

<i>(in euro millions)</i>	Long-term provisions	Short-term provisions	Total
January 1, 2009	7.2	13.7	20.9
Additions	5.5	2.2	7.7
Reversals of provisions used		(2.8)	(2.8)
Reversals of surplus provisions		(0.2)	(0.2)
Change in scope of consolidation			
Other			
Translation adjustment		0.2	0.2
June 30, 2009	12.7	13.1	25.8

<i>(in euro millions)</i>	Long-term provisions	Short-term provisions	Total
January 1, 2010	5.8	14.6	20.4
Additions		0.4	0.4
Reversals of provisions used		(2.8)	(2.8)
Reversals of surplus provisions		(1.9)	(1.9)
Change in scope of consolidation			
Other	(0.8)	0.3	(0.5)
Translation adjustment		0.2	0.2
June 30, 2010	5.0	10.8	15.8

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Provisions for industrial restructuring costs	8.1	12.9
Provisions for other contingencies	7.7	7.5
Total	15.8	20.4

20. Other non-current liabilities, other payables and factoring liabilities

“Other non-current liabilities” include an €8.6 million bond received in respect of a license.

“Other payables” include short-term provisions in an amount of €10.8 million (see note 17).

Receivables sold under no recourse agreements are shown in the balance sheet for €57.1 million (see note 12), with the corresponding liability recorded under “Factoring liabilities”.

21. Financial risk management

Financial risk policies in the first half of 2010 were based on the principles described in the 2009 Annual Report.

The following table presents the sensitivity of consolidated equity to currency risk, based on data at June 30, 2010.

<i>(in euro millions)</i>	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
AUD	(0.4)	0.0	(0.0)
ARS	(2.9)	0.3	(0.3)
BDT	0.1	0.0	(0.0)
BRL	1.2	0.1	(0.1)
CAD	0.3	0.0	(0.0)
CHF		0.0	0.0
CLP	0.4	0.0	(0.0)
GBP	(0.5)	0.1	(0.1)
HKD	0.7	0.1	(0.1)
KOR	1.4	0.1	(0.1)
LKR	(0.1)	0.0	(0.0)
MXP	(0.1)	0.0	(0.0)
MYR	1.2	0.1	(0.1)
NZD	0.6	0.1	(0.1)
RMB	9.2	0.9	(0.9)
SID	0.5	0.1	(0.1)
TRY	(0.6)	0.1	(0.1)
USD	4.8	0.5	(0.5)
WON	(0.3)	0.0	(0.0)
ZAR	(0.2)	0.0	(0.0)
Total	15.3	2.6	-2.6

NOTES TO THE INCOME STATEMENT

22. Other operating income and expense

Other operating income and expense include the following:

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<i>(in euro millions)</i>	First-half 2010	First-half 2009
Exchange gains and losses	(0.8)	0.5
Gains and losses on disposal of non-current assets	1.1	-
Restructuring costs	0.8	(7.1)
Other	(1.0)	1.8
Total	0.1	(4.8)

23. Employee information

a) Number of employees

The average number of employees of fully consolidated subsidiaries was as follows in first-half 2010 and full-year 2009:

	June 30, 2010	December 31, 2009
Employees in France	561	612
Employees outside France	1,616	1,779
Total employees	2,177	2,391

b) Payroll costs

Payroll costs and discretionary profit-shares are recorded in cost of sales, distribution costs, administrative expenses and research and development costs.

24. Finance costs and other financial income and expense

<i>(in euro millions)</i>	<u>First-half 2010</u>	<u>First-half 2009</u>
Cost of net debt		
- Finance cost	(3.6)	(5.1)
- Interest income on loans and investments	0.9	1.6
Factoring cost	(0.4)	
Convertible bond interest cost	(0.3)	
Fair value adjustments		
- Investments in non-consolidated companies	(0.6)	
- Financial instruments	0.1	0.7
Exchange losses on transactions in foreign currencies		
Other	(0.9)	
Finance costs and other financial income and expense, net	<u>4.8</u>	<u>(2.8)</u>

25. Income tax expense

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

<i>(in euro millions)</i>	<u>First-half 2010</u>	<u>First-half 2009</u>
Current taxes	(2.3)	(0.9)
Deferred taxes		(6.1)
Total	<u>(2.3)</u>	<u>(7.0)</u>

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):

<i>(in euro millions)</i>	<u>First-half 2010</u>	<u>First-half 2009</u>
Income tax expense for the period	(2.3)	(7.0)
Standard French income tax rate	33.33%	33.33%
Tax at the standard rate	(2.6)	5.9
Difference between income tax expense for the period and tax at the standard rate	0.3	(12.9)
Effect of differences in foreign tax rates		

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Effect of permanent differences between book profit and taxable profit	0.6	(0.3)
Change in tax assets recognized for tax losses:	(0.7)	0.3
- Utilizations of tax loss carryforwards recognized in prior periods and tax losses recognized during the current period		
- Valuation allowances on deferred tax assets	1.1	
Effect of unrelieved tax losses		(6.1)
Other	(0.3)	(6.5)

France's 2010 Finance Act adopted on December 30, 2009 abolished the local *taxe professionnelle* 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 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.

26. 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 basic earnings per share of €0.6 for first-half 2010 (net profit divided by the average number of shares outstanding).

Following the subordinated convertible bond issue, diluted earnings per share were determined by taking into account 8,993,781 potential ordinary shares at June 30, 2010 and the restatement of the interest cost on the bonds. On this basis, diluted earnings per share for the period came to €0.4.

27. Cash flows from operating activities

<i>(in euro millions)</i>	First-half 2010	First-half 2009
Pre-tax profit/(loss) of consolidated companies	7.9	(17.5)
Adjustments to reconcile pre-tax profit to cash generated from operations	0.7	8.6
. Depreciation and amortization	5.5	5.5
. Provisions and pension and other post-employment benefit obligations	(4.4)	5.1
. Impairment of non-current assets	-	(1.0)
. Fair value adjustments	-	(1.0)
. Impact of discounting	-	-
. Gains/(losses) on sales of investments in non-consolidated companies and other non-current assets	(0.5)	-
. Other	0.1	-
Income tax (paid)/refunded	(0.1)	0.8
Cash generated from/(used by) operations	8.5	(8.1)

28. Commitments and contingencies

28.1 Commercial commitments

At June 30, 2010, Chargeurs and its subsidiaries were committed to purchasing plant and equipment for a total of €0.1 million (€0 million at December 31, 2009).

28.2 Guarantees

At June 30, 2010, Chargeurs and its subsidiaries had given guarantees for a total of €0.2 million.

28.3 Collateral

No collateral was given in the first half of 2010.

28.4 Commitments under non-cancelable medium-term operating leases

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

<i>(in euro millions)</i>	June 30, 2010	December 31, 2009
Due in less than one year	5.8	5.8
Due in one to five years	17.5	19.8
Due in more than five years	0.5	1.1
Total	<u>23.8</u>	<u>26.7</u>

28.5 Legal risks

In February and March 2010, the Company was summoned on several occasions to appear before the French Employment Tribunal due to claims lodged by individuals previously employed and dismissed by companies in which the Company held an indirect interest. The total amount of these claims represented around €5.5 million. The Company believes that the claims are without merit.

28.6 Special purpose entities

Chargeurs stopped working with CWP in the first half of 2010.

29. Related party transactions

Transactions with associates

In first-half 2010, transactions with associates primarily concerned purchases from and sales to the Chinese company, Ningbo Lailong Bertero Interlining. The net expense associated with these transactions was recognized by Chargeurs Interlining under cost of sales in an amount of €6million.

30. Information by business segment

Profits and losses by business segment were as follows for the first half of 2010:

First-half 2010 <i>(in euro millions)</i>	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Revenue	88.0	91.7	76.2		255.9
Operating profit	5.7	5.7	2.5	(1.2)	12.7
Finance costs					(4.8)
Share of profit of associates					1.3

Pre-tax profit for the period	9.2
Income tax expense	(2.3)
Profit for the period	(0.1)

Profits and losses by business segment were as follows for the first half of 2009:

First-half 2009 <i>(in euro millions)</i>	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Revenue	64.8	86.4	75.2		226.4
Operating profit/(loss)	(6.8)	(7.7)	(0.7)	0.4	(14.8)
Finance costs					(2.8)
Share of profit/(loss) of associates					(1.9)
Pre-tax profit/(loss) for the period					(19.5)
Income tax expense					(7.0)
Profit/(loss) for the period					(26.5)

Additional information concerning the first half of 2010:

<i>(in euro millions)</i>	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation	(1.4)	(3.0)	(0.8)		(5.2)
Impairment losses:					
- On goodwill					0.0
- On property, plant and equipment					0.0
Impairment losses:					
- On inventories	(0.9)	(0.5)	(0.4)		(1.8)
- On trade receivables	(0.1)	(0.4)			(0.5)

Additional information concerning the first half of 2009:

<i>(in euro millions)</i>	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Consolidated
Depreciation	(1.4)	(2.8)	(1.0)		(5.2)
Impairment losses:					
- On goodwill					0.0
- On property, plant and equipment					0.0
Impairment losses:					
- On inventories	(0.9)	(0.5)	(0.4)		(1.8)
- On trade receivables	(0.1)	(0.4)			(0.5)

Segment assets and liabilities at June 30, 2010

<i>(in euro millions)</i>	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets (a)	139.4	188.6	119.6	4.8	452.4
Liabilities (b)	71.7	76.0	54.4		202.1
Capital employed	67.7	112.6	65.2	4.8	250.3
Purchases of assets	0.6	1.4	0.7		2.7

(a) Excluding cash and cash equivalents.

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

Segment assets and liabilities at December 31, 2009

<i>(in euro millions)</i>	Chargeurs Protective Films	Chargeurs Interlining	Chargeurs Wool	Non-operating	Total
Assets (a)	138.4	167.9	118.2	2.6	427.1
Liabilities (b)	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

(a) Excluding cash and cash equivalents.

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

31. Seasonal fluctuations in business

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

32. Subsequent events

With the July 7, 2010 setup of the latest financing facility under the debt restructuring agreement signed with the banks on February 4, 2010, all conditions were met for the agreement's implementation.



CHARGEURS

2010 INTERIM ACTIVITY REPORT

- Revenue up 13%
- €12.7 million in operating profit
- Full-year 2010 objectives revised upwards

The Board of Directors of Chargeurs met on August 26 under the chairmanship of Eduardo Malone to approve the consolidated financial statements for the six months ended June 30, 2010.

First-half 2010 consolidated revenue was 13% higher than in the prior-year period. Growth was led by a sharp 35.8% increase in revenue from Chargeurs Protective Films and a 6.1% increase in revenue from Chargeurs Interlining.

The return to operating profit in the three businesses was confirmed throughout the first half, resulting in consolidated operating profit of €12.7 million and net profit of €6.8 million for the period.

1 - CONSOLIDATED RESULTS

(in € millions)	First Half	
	2010	2009
Revenue	255.9	226.4
Operating profit/(loss)	12.7	(14.7)
Net profit/(loss)	6.8	(26.4)

2 – ANALYSIS BY BUSINESS SEGMENT

CHARGEURS PROTECTIVE FILMS

(in € millions)	First Half	
	2010	2009
Revenue	88.0	64.8
Operating profit/(loss)	5.7	(6.8)

The sharp 35.8% rise in revenue at Chargeurs Protective Films compared with first-half 2009 was attributable to higher sales volumes, which accounted for two-thirds of the increase, and to the price effect, for one-third.

The return to operating profit was achieved thanks to rightsizing measures implemented in 2009 and improved volumes in surface protection markets.

CHARGEURS INTERLINING

(in € millions)	First Half	
	2010	2009
Revenue	91.7	86.4
Operating profit/(loss)	5.7	(7.7)

Revenue at Chargeurs Interlining rose by 6.1%, with higher volumes and the price effect each accounting for half of the increase.

The return to operating profit was attributable to 2009 cost-reduction programs and a recovery in sales volumes.

CHARGEURS WOOL

(in € millions)	First Half	
	2010	2009
Revenue	76.2	75.2
Operating profit/(loss)	2.5	(0.7)

Revenue at Chargeurs Wool was up 1.3%. The overall increase integrates lower sales volumes stemming from the policy of carefully selecting contracts, combined with a favourable price effect linked to raw material prices.

Operating profit was satisfactory.

3 - FINANCIAL POSITION

Net bank debt amounted to €67.5 million at June 30, 2010 compared with €89.1 million at December 31, 2009.

During the first half, 19.8% of the 415,083 Chargeurs convertible bonds with a total value of €22.8 million were converted into Chargeurs ordinary shares, lifting the number of ordinary shares to 12,590,557. Following these conversions, 333,103 convertible bonds were outstanding at June 30, 2010.

4 - OUTLOOK FOR 2010

In light of its satisfactory first-half performance, the Group is revising its full-year revenue and earnings objectives upwards. If the economic situation holds firm, consolidated revenue is expected to reach €485 million for an operating profit of €18.5 million.

August 26, 2010



CHARGEURS

RELATED PARTY TRANSACTIONS

A description of related party transactions is provided in Note 29 to the condensed interim consolidated financial statements for the first-half of 2010. Related parties are companies that are up to 50%-owned under cooperation agreements. Chargeurs having significant influence over their management, those companies are therefore accounted for by the equity method. Those companies are industrial and sales companies.

During the first-half 2010, there were no material changes in the nature and volume of related party transactions.

August 26, 2010



CHARGEURS

**STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM
FINANCIAL REPORT**

I declare that, to the best of my knowledge, (i) the condensed financial statements for the six months ended June 30, 2010 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the consolidated companies, and (ii) the interim management report includes a fair review of significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Paris, August 26, 2010

A handwritten signature in black ink, appearing to read 'Eduardo Malone', is written over a large, stylized, hand-drawn signature line.

Eduardo Malone
Chairman and Chief Executive Officer

CHARGEURS

STATUTORY AUDITORS' REVIEW REPORT ON THE 2010 HALF-YEAR FINANCIAL INFORMATION

This is a free translation into English of the Statutory Auditors' Review Report issued in French 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.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

S & W Associés
8, avenue du Président Wilson
75116 Paris

Statutory Auditors' Review Report on the 2010 Half-Year Financial Information

To the Shareholders,
CHARGEURS
29-31, rue Washington
75008 Paris

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

- the review of the accompanying condensed half-year consolidated financial statements of Chargeurs, for the six-month period ended June 30, 2010,
- the verification of the information contained in the half-year management report.

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

1. Conclusion on the financial statements

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

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

2. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris, August 26, 2010

The Statutory Auditors

PricewaterhouseCoopers Audit

S & W Associés

Gérard Morin

Maryse Legoff