EXACOMPTA CLAIREFONTAINE

HALF-YEARLY
FINANCIAL REPORT

30 JUNE 2011

French société anonyme with €4,525,920 – Registered office at 88480 ÉTIVAL-CLAIREFONTAINE
EPINAL TRADE AND COMPANIES REGISTRY: B 505 780 296 SIRET NUMBER: 505 780 296 000 16
FRENCH INDUSTRY CLASSIFICATION (NAF): 7010Z
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Contents:

Exacompta Clairefontaine S.A.

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)
Co-Manager, Exaclair GmbH (DE)

Frédéric Nusse
Chairman, Papeteries de Clairefontaine
Chairman, Papeterie de Mandeure
Chairman, Everbal

Guillaume Nusse
Chairman, Clairefontaine Rhodia
Chairman, Décopatch
Co-Manager, Châtelles Transformation

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.
Pascal François

SEREC AUDIT, 75015 Paris, France.
Benoît Grenier

To the Shareholders,

1. REVIEW AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements – €K	1st half of 2011	1st half of 2010
Revenues	270,978	262,044
Operating profit	1,934	3,205
Net income before income tax	1,350	3,678
Net income after tax	520	2,022
Minority interest	-1	-
Group share	521	2,022

The changes in the scope of consolidation are the result of:

- Décopatch absorbed Kerlude and Maildor Production on 30 June 2011 through a complete transfer of assets and liabilities with no impact on the consolidated financial statements;
- Interval Editions was sold to a third party outside of the group.

Exacompta Clairefontaine's consolidated cash flow was €9,623,000 at 30 June 2011 as against €14,830,000 at 30 June 2010.

1.1 PAPER PRODUCTION

Business in the paper and cardboard segments was stable for the first half of 2011.

Paper production for graphics work was nearly flat, rising only 0.1% over the first four months while wrapping paper output declined slightly by 0.8%. Toilet paper output rose by a modest 1.2% [Source: Copacel Monthly Statistical Report].

This stability lasted for the entire first half.

It was not possible to pass on raw materials price increases. The first half was marked mainly by continuous and monthly increases in pulp raw materials prices coupled with a weak euro at period end. NBSK pulp peaked at US$1025 at period end.

Paper earnings were squeezed both by rising costs and flat selling prices.

Against this backdrop, we expect prices in the paper sector to continue their recovery.

1.2 PROCESSING

There has been some turnaround in sales volumes in Processing. Business picked up slightly in May owing to a number of exceptionally busy days.

On the other hand, the market for paper goods was down in June.

When taken together, retail paper products sales were down, and this had a negative effect on the wholesale trade and manufacturers' deliveries.

The group's back-to-school items like new books and organizers have sold well. The Creative Leisure segment is also growing.

These favourable developments have influenced the Processing segment's results.

1.3 FINANCIAL POSITION – DEBT

As at 30 June 2011, the group's financial indebtedness excluding parent company ECN's current accounts totalled €82,724,000. Revenues totalled €270,978,000 while shareholders' equity was €362,956,000.

Exacompta Clairefontaine has a negotiated line of credit of €145,000,000. At 30 June 2011, €44 million of this line were used.

With a positive cash position of €36,802,000, which allowed it to finance a portion of its capital expenditures with internally generated funds, the group reported net financial debt of €45,922,000 at 30 June 2011

1.4 OTHER POINTS

- There are no employee share ownership program.
- Our principal shareholder, Etablissements Charles Nusse, held 910,395 shares at 30 June 2011, or 80.46% of the share capital. Financière de l'Echiquier held over 5%.

2. RESEARCH AND DEVELOPMENT

The group's companies take part in various research programs involving Grenoble's Centre Technique de Papier and various university laboratories.
Its development projects are mainly oriented to product ranges.

3. PRODUCTION AND OPERATING SAFETY

Exacompta Clairefontaine's manufacturing units enjoy the services of a consultant who advises them on their manufacturing and management conditions. Furthermore, several units have an in-house support function to manage and coordinate safety procedures based on their specific operations.

General and specific communications activities were carried out to help these units improve technical, organizational, and workforce-related procedures relevant to risk prevention.

During the first half of 2011, emphasis was placed on the importance of including safety at the beginning of the process of purchasing equipment, especially in drafting specifications.

Information on performance indicators is regularly distributed through periodic notices.
The statistics show an overall improvement trend in the results and indicators reported. Our results are better overall than those of the industry and have been improving over the long term.

The company also took an inventory of its existing organizational bases in order to help the units it monitors to improve their Management System as part of its continuous improvement programme.
Units whose Management System has been certified by a recognised authority are gradually integrating different Quality Safety and Environment (QSE) aspects into their systems in order to rationalise the existing resources and in the long run achieve an Integrated Management System (IMS).

4. EMPLOYMENT INFORMATION

Exacompta Clairefontaine's total headcount was 3,304 people at 30 June 2011 as opposed to 3,312 at 30 June 2010.

The companies apply the collective agreement for the production of papers, cardboard and cellulose, or the collective agreement for paper articles.

The group’s Works Council, which met on 15 June 2010, commented on the business and the economic and employment outlook.

5. ENVIRONMENTAL INFORMATION

➢ Gross carbon dioxide (CO_2) emissions at the group's French paper plants:

Site	Emissions in tonnes of CO_2		Change
	1st half of 2011	1st half of 2010	
CLAIREFONTAINE	43,264	44,269	↓ 2.27 %
MANDEURE	5,527	5,281	↑ 4.67 %
EVERBAL	5,184	4,764	↑ 8.83 %
Total	**53,976**	**54,314**	**↓ 0.62 %**

Site	Gross production in tonnes		Change
	1st half of 2011	1st half of 2010	
CLAIREFONTAINE	99,083	98,145	↑ 0.96 %
MANDEURE	18,922	17,808	↑ 6.25 %
EVERBAL	21,604	17,147	↑ 26.00 %
Total	**139,609**	**133,100**	**↑ 4.89 %**

Total gross CO2 emissions fell slightly as compared to the first half of 2010.

The notable increase in Everbal's emissions follows the sharp rise in production due to modernization of the paper machine.

Hence, there was an improvement in energy efficiency at all three plants.

➢ Drought Situation

The low amount of precipitation recorded over the first half caused the local authorities to impose water use restrictions in many regions.
These periods of dryness are becoming more frequent, so paper plants are working to reduce the amount of water taken from rivers and streams in order to limit the environmental impact of their activities.

View of La Meurthe at Etival-Clairefontaine (Vosges)

6. OUTLOOK

6.1 GENERAL OUTLOOK

The Company encountered normal supplies of paper pulp for the first half of 2011, but its price rose by US$30 every month on average. This pricing pressure had become unbearable for the entire Paper sector.

Paper pulp prices began to erode early in the summer. It appears this trend will continue for some time.

This situation should lead to higher margins for paper companies since their selling prices lag well behind those of pulp prices.

This more favourable situation could be offset by the slowdown in paper demand. Europe's Paper sector plunged 5.5% in July 2011. Future demand will no doubt track the economy's downward trend.

France's Paper sector is expected to make a limited turnaround.
The Processing segment's turnaround should be sustained given a good back-to-school season plus stable activity in the office, agendas and luxury goods segments plus the leisure time sector.

Margins will be maintained based on recovering paper prices and higher prices in the Processing segment.

6.2 RISKS AND UNCERTAINTIES

By the nature of its businesses, the group is exposed to different types of risks as well as to a number of uncertainties.

➢ <u>Managing raw materials and energy risk</u>

The biggest uncertainty lies in the price for raw material. This risk arises from a policy of purchasing significant volumes of very diversified pulp raw materials.

From the financial standpoint, half of the purchases are made in US dollars purchased on the spot market and half are forward purchases with a settlement option. The raw material prices end up by being passed on through selling prices while taking into account market conditions.

The Company's factories are covered by long-term contracts for energy use (gas and electricity). The Clairefontaine and Everbal paper plants subscribed to Exeltium for 7.5 MW of capacity. This will provide access to an energy cost at better market terms.

A new cogeneration plant and a bioenergy production committee are under study to improve the smoothing out of energy costs.

Our allocations of CO_2 quotas appear sufficient and proper technical management of the plants should enable us to end up with excess quotas.

The plants are certified ISO 9000 and 14001 to make them more marketable. They only use FSC or PEFC certified raw materials depending on commercial requirements.

➢ <u>Management of financial risk</u>

Generally, the group does not engage in any complex financial transactions. Financial risk management is provided by the operating units in accordance with the policy defined by the group's Senior Management.

<u>Credit risk</u>

Credit risks represent the risk of financial loss for the group if a third party fails to meet its contractual obligations.

- Trade and other receivables

The credit risk is not significant. It is distributed over a large number of customers. The group has set up tools to monitor outstanding amounts and, in addition, the risk is limited by credit insurance policies.

- Investments

The group limits its exposure to the credit risk on investments, short-term deposits and other cash instruments by investing only in liquid securities; the counterparties are leading banks.

Liquidity risk

The group's approach to managing this risk is to ensure that it always has sufficient liquid assets to meet its liabilities when due without incurring unacceptable losses or damaging its reputation. For this purpose, short-term financing arrangements are in place along with a line of credit that covers medium and long-term payments.

Foreign exchange risk

The group operates internationally, but has little exposure to foreign exchange risks because of the local presence of its main subsidiaries. The risks related to commercial transactions are primarily those related to purchases of raw materials, which are 50% covered by option contracts.

Exacompta Clairefontaine S.A.

Consolidated Financial Statements as at 30 June 2011.

Half-yearly consolidated financial statements

Consolidated balance sheet

€000	30/06/2011	31/12/2010	Notes
NON-CURRENT ASSETS	**238,313**	**238,910**	
Intangible assets	13,473	12,813	(2.1.4)
Intangible assets – Goodwill	11,563	11,678	(2.1.4)
Property, plant and equipment	209,284	210,625	(2.1.5)
Financial assets	3,648	3,401	(2.1.6)
Deferred taxes	345	393	(2.4)
CURRENT ASSETS	**386,491**	**331,424**	
Inventories	193,374	158,243	(2.2.1)
Trade and other receivables	153,672	114,851	(2.2.2)
Advances	1,473	1,866	
Taxes receivable	1,170	1,630	
Cash and cash equivalents	36,802	54,834	(2.2.3)
TOTAL ASSETS	**624,804**	**570,334**	

SHAREHOLDERS' EQUITY	**362,956**	**364,044**	
Capital	4,526	4,526	
Reserves related to capital	250,902	249,403	
Consolidated reserves	108,284	107,728	
Currency translation reserve	-1,326	-850	
Profit/(Loss) – group share	521	3,187	
Shareholders' equity – group share	**362,907**	**363,994**	
Minority interest	49	50	
NON-CURRENT LIABILITIES	**104,279**	**64,700**	
Interest bearing debt	60,388	20,899	(2.6)
Deferred taxes	28,973	28,812	(2.4)
Provisions	14,918	14,989	(2.5)
CURRENT LIABILITIES	**157,569**	**141,590**	
Trade payables	61,009	48,618	
Short-term portion of interest-bearing debt	38,336	40,598	(2.6)
Provisions	3,021	3,924	(2.5)
Tax liabilities	,		
Other liabilities	55,203	48,450	(2.8)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**624,804**	**570,334**	

Consolidated Income Statement

€000	30/06/2011	30/06/2010	Notes
Income from ordinary activities	270,978	262,044	
- Sales of products	267,033	259,173	
- Sales of services	3,945	2,871	
Other operating income	6,335	6,816	
- Reversal of depreciation/amortisation	211	333	(2.1.4, 2.1.5)
- Subsidies	11	35	
- Other income	6,113	6,448	
Change in inventories of finished products and work-in-process	25,686	17,992	(2.2.1)
Capitalised production costs	279	288	
Goods and materials used	-156,062	-140,420	(2.2.1)
External expenses	-45,234	-44,085	
Personnel expenses	-76,054	-74,766	(2.11)
Taxes and duties	-5,367	-5,875	
Depreciation/amortisation	-12,322	-12,353	(2.1.4, 2.1.5)
Other operating expenses	-6,305	-6,436	
OPERATING PROFIT – before amortisation of goodwill	**1,934**	**3,205**	
Amortisation of goodwill		-500	(2.1.4, 2.1.1)
OPERATING PROFIT – after amortisation of goodwill	**1,934**	**2,705**	
Financial income	2,990	3,005	
Financial expenses	-3,574	-2,032	
Financial income/(loss)	-584	973	(2.12)
Income taxes	-830	-1,656	(2.4, 2.10)
Income after tax	**520**	**2,022**	

Net income – minority share	**-1**	**–**
Net income – group share	**521**	**2,022**

Income for the period	521	2,022	
Number of shares	1,131,480	1,131,480	(2.3)
EARNINGS PER SHARE (basic and diluted)	**0.46**	**1.79**	

Combined income statement

€000	30/06/2011	30/06/2010
Net income for the period	**520**	**2,022**
Currency translation differences resulting from the conversion of foreign entities' financial statements	-476	1,160
Losses from the buyback of minority interests	–	–
Total combined income	**44**	**3,182**
Attributable to:		
- minority interest	-1	–
- the group	45	3,182

Statement of changes in consolidated shareholders' equity

€000	Shareholders' equity – group share	Shareholders' equity – minority share	Total shareholders' equity
Balance at 31/12/2009	**362,090**	**51**	**362,141**
Currency translation difference	753		753
Other changes	1		1
Total from operations that did not affect earnings	754		754
Profit/(Loss) for the year	3,187	-1	3,186
Dividends	-2,037		-2,037
Balance at 31/12/2010	**363,994**	**50**	**364,044**
Currency translation difference	-476		-476
Other changes	-1		-1
Total from operations that did not affect earnings	-477	–	-477
Profit/(Loss) for the year	521	-1	520
Dividends*	-1,131		-1,131
Balance at 30/06/11	**362,907**	**49**	**362,956**

* €1 per share.

Statement of consolidated cash flows

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

€000	**30/06/2011**	**31/12/2010**	**Notes**
Cash and cash equivalents in assets	36,802	54,834	(assets)
Bank overdrafts payable on demand	-38,150	-40,157	(2.6)
Accrued interest on financial debt	-26		(2.6)
Cash in statement of changes in cash flow	**-1,374**	**14,677**	

The reconciliation with the "Short-term portion of interest bearing debt" recorded in liabilities is presented in note 2.6.

Change in cash flows

€000	30/06/2011	31/12/2010	Notes
Total consolidated net income	**520**	**3,186**	
Elimination of operating expenses and income that do not affect cash or which are not related to operations:			
• Depreciation, amortisation and provisions	10,710	27,508	(2.1.4 to 2.1.6, 2.5)
• Change in deferred taxes	161	666	(2.4)
• Gains on sales, net of taxes	-1,292	-527	
• Currency translation adjustments	-476	753	
• Other	–	1	
Cash flow of consolidated companies	*9,623*	*31,587*	
• Change in working capital requirements for operations	-54,365	-10,229	Balance sheet
• Change related to income taxes	914	-12,837	
• Income taxes paid	-454	7,501	
(1) Net cash flow from operating activities	**-44,282**	**16,022**	
• Purchases of fixed assets	-13,639	-34,090	(2.1.4 to 2.1.6)
• Sales of fixed assets	3,679	6,337	
• Effect of changes in consolidation– purchases	–	-100	
• Effect of changes in consolidation– sales	115	–	
(2) Cash flow from investing activities	**-9,845**	**-27,853**	
• Dividends paid	-6,782	-11,986	(Change in shareholders' equity)
• Dividends received	5,651	9,949	
• Borrowings	45,579	1,016	
• Loans repaid	-5,034	-10,763	
• Interest paid	-1,579	-1,016	
• Interest received	241	326	
(3) Cash flow from financing activities	**38,076**	**-12,474**	
(1+2+3) Total cash flow	**-16,051**	**-24,305**	

Opening cash	14,677	38,982
Closing cash	-1,374	14,677
Change in cash	**-16,051**	**-24,305**

Presentation of the consolidated financial statements

1- General principles – statement of conformity

The consolidated financial statements of the Exacompta Clairefontaine group were prepared in accordance with the IFRS (International Financial Reporting Standards), as adopted within the European Union.
Exacompta Clairefontaine's interim consolidated financial statements were prepared in accordance with IAS 34 – Interim Financial Reporting The group chose to present the complete interim financial statements.
The consolidated financial statements of the Exacompta Clairefontaine group were approved by the Board of Directors on 31 August 2011.

2- Adoption of international standards

- Mandatory standards, amendments and interpretations in 2011:

- Revised IAS 24– *Related Party Disclosures*
- Amendment to IAS 32 – *Classification of Rights Issues*
- IFRIC 19 – *Extinguishing financial liabilities with equity instruments*
- Amendments to IFRIC 14 – *Prepayment of a Minimum Funding Requirement*
- Improvements to International Financial Reporting Standards (IFRS) – *Commission Regulation (EU) No 149/2011 of 18 February 2011*

The application of these standards, amendments and interpretations did not have a significant impact on the group’s consolidated financial statements.

- Standards and amendments not yet adopted by the European Union

- IFRS 9 - *Financial Instruments*
- IFRS 10 – *Consolidated financial statements*
- IFRS 11 – *Partnerships*
- IFRS 12 – *Disclosure of interests in other entities*
- IFRS 13 – *Fair value measurement*
- IAS 27 revised 2011 – *Separate financial statements*
- IAS 28 revised 2011 – *Investments in associates and joint ventures*
- Amendments to IFRS 7 – *Disclosures - Transfers of Financial Assets*
- Amendments to IAS 1 – *Presentation of the items of other comprehensive income*
- Amendments to IAS 12 – *Deferred taxes: Recovering underlying assets*
- Amendments to IAS 19 – *Employee benefits*

The cases in which these new texts are to be applied is under study.

At its meetings on 23 and 24 June 2005, the IASB withdrew the IFRIC 3 interpretation regarding the accounting treatment of greenhouse gas emission rights. As a result, the accounting treatment applied is described in note 8. This treatment is being used provisionally while waiting for a definitive IASB position.

3- Bases of preparation of the financial statements

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

The preparation of the financial statements according to IFRS requires the exercise of judgement by Management in making estimates and assumptions that have an impact on the application of the accounting methods and on the amounts of the assets and liabilities, and revenues and expenses.
The underlying estimates and assumptions are made based on past experience and other factors deemed reasonable in view of the circumstances. They are also the basis for the exercise of judgment necessary for the determination of 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 underlying estimates and assumptions are re-examined on an ongoing basis. The impact of changes in accounting estimates is recorded during the period in which the change occurs and all the other periods affected.

The accounting methods described below have been applied on an ongoing basis to all the periods presented in the consolidated financial statements. Furthermore, said methods have been applied uniformly to all the entities of the Exacompta Clairefontaine group.

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, contingent losses and gains, and the revenues and expenses resulting from transactions within the group are eliminated in the consolidation.
Contingent gains arising from transactions with affiliates are eliminated in the proportion of the group's ownership percentage.
Contingent 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 euro, 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 as of the year-end date are converted to euro at the exchange rate in effect on that date. 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 euro at the exchange rates in effect as of the year-end 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 significant fluctuations.
The currency translation differences resulting from the conversion are recorded in the currency translation adjustment as a separate component of shareholders' equity.

6- Business combinations

Acquisitions of subsidiaries are recorded using the acquisition method set forth in revised IFRS 3. The identifiable assets acquired and the liabilities taken over are measured at their fair value as at the acquisition date, which is the date on which control of the entity is taken.

The goodwill acquired as part of a business combination is recorded as an asset and is valued as the excess [a - b] of:

a) the sum of the consideration transferred, the non-controlling interest in the acquired entity and, in the case of a step acquisition, the fair value of the previously held interest as at the acquisition date, over
b) the book value, as at the acquisition date, of the identifiable assets acquired and liabilities taken over

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 the activities that are grouped are controlled by the same party, both before and after the combination, and this control is not temporary.
In the absence of specific provisions in the standards, the group applies the book value method to all operations involving the entities under common control.

7− Property, plant and equipment

The land and buildings held by the group are intended for use in the production or supply of goods and services, or for administrative purposes.
The group does not hold any significant real estate that falls within the category of investment property. The industrial facilities and other equipment are assets held in respect of activities related to the production or supply of goods and services.

All of the property, plant and equipment owned by the group are recorded at the initial purchase cost, less accumulated depreciation and impairment.
Property, plant and equipment under construction are assets intended for use in production and are recorded at cost, less any impairment identified.
When the components of fixed assets have different useful lives, they are recorded as a separate asset.
All current service and maintenance costs are recorded as expenses at the time they are incurred.

Lease agreements that involve the transfer to the group of nearly all of the risks and benefits inherent in owning an asset are classified as financial lease agreements.
The respective assets are booked as fixed assets at their 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 debt.
The minimum payments under these agreements are divided between financial expenses and amortisation of the debt. The financial expense is charged to each period covered by the financial lease agreement so as to obtain a constant periodic interest rate on the balance of the remaining financial payable 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 property, plant and equipment on the following bases and by year:

- Land	not depreciated
- Buildings	25 to 40 years
- Fixtures and furnishings	10 to 20 years
- Technical installations and equipment	10 to 20 years
- Other office supplies and computers	3 to 10 years

The useful life of the main assets is reviewed when the accounts are closed. If necessary, the 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 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.
A review of the costs incurred led the group not to book development expenses.

Greenhouse gas emission rights

The paper subsidiaries of the group 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 2003/87/EC of the European Parliament and the Council, establishing a quota trading system for greenhouse gases, adopted on 13 October 2003.

A quota is a unit of account that represents the emission of one tonne of carbon dioxide that is covered by a certificate issued by the State, which is valid for a specific period of time.

The State allocates a certain number of quotas to operators for each authorised facility.
The total volume of carbon dioxide emitted by each facility during one calendar year is measured or calculated, and stated in tonnes of carbon dioxide.
The operator is required to compensate the State each year for the number of quotas equal to the total of its emissions during the past calendar year.
The State allocates quotas free of charge under a national quota allocation plan. The current plan covers the period from 1 January 2008 to 31 December 2012.

The quotas are movable property that is documented only by an entry in the owner's account in the French national register. They are negotiable and may be transferred from one account to another, and give their holders identical rights.
Although they do not directly increase the future economic benefits of an existing asset, the emission quotas are necessary for the subsidiaries to achieve future economic benefits from their other assets. Therefore, they are recorded in assets as an intangible asset.
The obligation to compensate the State for gas emissions that occur during the period generates the recognition of a liability for that expense.

The greenhouse gas emission quotas are recorded at the value determined in the exchange market on the date they are received plus, if applicable, the value of the quotas purchased in the market.
The liability corresponding to the emission quotas to be compensated is valued based on the initial value of the quotas allocated plus, if applicable, the value of the quotas purchased in the market.

With regard to quotas acquired and in surplus, an impairment test is performed, which consists of comparing the book value to the exchange market value as of the end of the period in question. Quotas issued by the State free of charge are not subject to impairment.

Goodwill

Goodwill arises from the acquisition of subsidiaries.
In the case of acquisitions of companies that occurred prior to 1 January 2003, goodwill is maintained at its presumed cost, which represents the amount recorded under the earlier accounting standard.
In the case of acquisitions that have occurred since this date, goodwill represents the difference between the acquisition cost and the fair value of the net assets, less any identifiable liabilities. Following the application of revised IFRS 3 – *Business Combinations,* as of 1 January 2010 goodwill is measured in accordance with the principles described in paragraph 6 above. Goodwill recorded prior to this date is not adjusted.

Goodwill is valued at cost, less accumulated impairment.

For the purposes of impairment tests, goodwill is allocated to cash generating units that are subject to an annual impairment test, so that at each account statement date there is an indication of whether the unit may be written down.
The cash generating units were determined at the level of the entities carrying goodwill. Most of these cash generating units are outside the consolidated group, and they are smaller in size than the operating segments defined by IFRS 8 *Operating segments*.
Each year value tests are performed on all goodwill, using the discounted future cash flows method. The future cash flows are calculated for an average period of 5 years, are discounted at a rate of 8%, and include a terminal value.
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 their fair value, which is determined on 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 do undergo an annual write-down test so that at each account statement date there is an indication of any loss in value. The recoverable value is determined based on expected cash flows discounted at the rate of 8%.

The internally generated expenses related to trademarks are recorded in expenses when they are incurred.

Other intangible assets

Other intangible assets that have been acquired by the group are recorded at their cost, less amortisation and accumulated losses in value.
Amortisation is recorded as expenses using 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– Depreciation/amortisation of tangible and intangible assets (excluding goodwill and trademarks)

At the end of each period, the group reviews the book values of the tangible and intangible assets in order to determine whether there is any indication has suffered impairment. If it has, the recoverable value of the asset is estimated in order to determine the potential impairment. When the recoverable value of a single asset cannot be estimated, the group determines the recoverable value of the cash generating unit to which the asset belongs.
The recoverable value of an asset is the higher of the fair value less sale costs and the useful value. The useful value 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.
A loss in value 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, this book value, increased because of a reversal of impairment, may not exceed the book value that would have been determined, net of depreciation or amortisation, if no impairment had been recorded. The reversal of impairment is recorded in the income statement.

10–Financial assets

Securities that are not consolidated are classified as assets available for sale, and are valued at their fair value; changes in that fair value are recorded in shareholders' equity.
If the fair value cannot be reliably estimated, the interests continue to be valued at the purchase cost. In the event of a writedown, the loss in value is recorded in the income statement.

Intercompany receivables and other non-current financial assets are valued at fair value when initially recorded and at the amortised cost at the time of subsequent valuations.

11–Trade and other receivables

Trade and other receivables are included in category IAS 39 of loans and receivables. They are valued at their fair value when initially recognised and at the amortised cost at the time of subsequent valuations. 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 sales price in the normal course of activity, less the estimated costs for completion and the estimated costs 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.

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 month at most and are subject to a negligible risk of a change in value.
Marketable securities are classified in the category of assets available for sale.
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 financial derivatives instruments to hedge its exposure to the interest rate risks resulting from its operating, financial and investing activities.

The group does not apply special hedge accounting (cash flow and fair value hedges). Financial derivatives instruments are included in financial assets and liabilities, at their fair value through profit/loss. The profit or loss resulting from subsequent valuations of the fair value is recorded immediately in income.
Swaps and interest rate caps and floors are recorded at their fair value as indicated by the financial institutions with which they were entered into.

15−Interest bearing debt

All financial instruments are initially valued at their fair value and at their amortised cost at the time of subsequent valuations.
Transaction costs are included in the initial valuation of the financial instruments that are not valued 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.

16−Personnel benefits

Defined contribution plans

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

Provisions for pensions

The net obligation of the group 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 assets of the scheme. The discount rate is determined using the market rate of the OATs (French treasury bonds) on the closing date, based on the obligations of leading companies. The calculations are performed using the projected credit units method. All actuarial adjustments are recorded immediately in expenses for the period.

17−Provisions

A provision is recorded in the balance sheet when the group has a current legal obligation or an implicit obligation resulting from a prior event, and it is probable 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, and it is updated when the effect is significant.

18−Income

Income from ordinary activities

Sales of products and services are valued 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 the provision of services is recorded in the income statement based on the degree of progress in the provision of the service as of the closing 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.

19−Expenses

Payments under simple lease agreements

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

Financial income

The net financial income/(expense) includes interest payable on loans and cash liabilities, interest receivable on investments, foreign exchange gains and losses, and gains and losses on financial instruments. All are recorded in the income statement.

20−Income tax

Income taxes include the tax expense or income due, and the deferred tax expense or income. The tax is recorded in income unless it is related to items that are recorded directly in 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) does not qualify as an income tax and does not come within the scope of IAS 12. The contributions are recorded under operating expenses.

The tax payable is the estimated tax due on taxable income for a period and any adjustment of the amount of tax payable for prior periods.
It is determined by using the tax rates that have been adopted or nearly adopted at the closing date.

The deferred tax is determined using the accrual method for all timing differences between the book value of the assets and liabilities and their tax bases, by using the tax rates that were adopted or nearly adopted at the closing date.

The following items do not result in the recognition of deferred taxes:

- Goodwill not deductible for tax purposes;
- Initial recording 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 concern taxes on income deducted 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 consists mainly of exchange rate and interest rate risks.

- Foreign exchange risk

The group operates internationally, but has little exposure to foreign exchange risks because of the local presence of its main subsidiaries. Risks related to commercial transactions that are denominated in a currency other than the respective functional currencies of group entities are related mainly to purchases of raw materials.
In order to manage exchange rate risk, the group hedges approximately 50% of its anticipated future transactions in each significant currency for the coming three months, using options contracts.
Changes in exchange rates had no significant impact on the income statement or shareholders' equity at 30/06/2011.

- 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. The group adapts its rate hedging decisions based on trends in interest rates and its outstanding debt. To this end, it enters into interest rate swaps.

Liquidity risk

The group's approach to managing this risk is to ensure that it always has sufficient liquid assets to meet its liabilities when 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 or spot loans on which a fixed rate is paid.
The group also has a line of credit to cover medium- and long-term maturities.

Credit risk

The 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 impact on credit risk.

The group has implemented tools to monitor outstandings that enable it to ensure that its clients have an appropriate credit risk 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 contracts.
The group determines a level of write-downs that represent its estimate of losses that will be incurred in respect of trade and other receivables. Losses in value correspond to specific losses related to individual risks.
The amounts presented in the balance sheet are net of losses in value 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
- Transformation: manufacture of paper, office and filing articles

Transactions among the different areas of activity are carried out on arm’s length terms.

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

Notes to the consolidated financial statements

1. CONSOLIDATED ENTITIES

All the companies have been consolidated at 30 June 2011 using the full consolidation method (FC).

Name	Address	% stake	% controlling interest	Consolidation method	SIREN N°
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
CHÂTELLES TRANSFORMATION	Route des Châtelles 88110 RAON L'ETAPE	100	100	F.C.	492 300 561
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 Georges Sand 38500 VOIRON	100	100	F.C.	055 500 953
DECOPATCH	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
PELISSIER MI	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 Papeterie 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
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 Y REIXAC	100	100	F.C.	
EXACLAIR (Belgium)	249, Boulevard de l'Humanité B – 1620 DROGENBOS	100	100	F.C.	
EXACLAIR IRELAND	9, Cedar Drive - Millfarm DUNBOYNE	100	100	F.C.	
EXACLAIR Inc (USA)	143 west, 29th street USA – NEW YORK	100	100	F.C.	
EXACLAIR POLSKA	Ul lesnà 23 – Kotowice PL – 55–011 SIECHNICE	100	100	F.C.	
EXACLAIR Ltd (Great Britain)	Oldmedows 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.	
QUO VADIS Italy Srl	19 via Roberto Lepetit I – 20124 MILANO	100	100	F.C.	
QUO VADIS Japan Co Ltd	Sangenjaya Combox 4F 1–32–3 Kamjuma Setagaya-Ku, TOKYO	100	100	F.C.	

QUO VADIS Polonia Spzoo	Ul Oeniadeckich 18 60–773 POZNAN	100	100	F.C.	
QUO VADIS Editions Inc	120, Elmview Avenue HAMBURG, NY 14075–3770	100	100	F.C.	
CLAIREFONTAINE RHODIA Ltd	Crest House, 7 Highfield Road Edgbaston, BIRMINGHAM	100	100	F.C.	
SCHUT	Kabeljauw 2 NL – 6866 HEELSUM	100	100	F.C.	

Changes affecting the scope of consolidation	
Companies newly consolidated - acquisitions	Companies no longer consolidated
• None	• KERLUDE - Transfer of all assets 30 June • MAILDOR PRODUCTION - Transfer of all assets 30 June • INTERVAL EDITIONS – Sold on 31 May

The effects of the changes in the scope of consolidation are detailed in the information on 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

Greenhouse gas emission rights

The greenhouse gas emission quotas are recorded at the value determined in the exchange market on the date they are received.
The net amount of greenhouse gas emission rights recorded in assets totalled €1,980,000 on 30 June 2011.

Trademarks

The item “concessions, patents, licenses” includes trademarks totalling €8,880,000.

Impairment of €75,000 was recorded in the financial statements for the first half of 2011 pursuant to the rules and methods described in paragraph 8 of the Presentation of the consolidated financial statements.

Goodwill

The goodwill recorded applied mainly to 6 subsidiaries at 30/06/2011.

No impairment was recorded in the financial statements for the first half of 2011 pursuant to the rules and methods described in paragraph 8 of the Presentation of the consolidated financial statements.

The segment information shows the distribution of goodwill by business and geographic segment.

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.

Financial lease agreements aggregated in the respective tables

€000	**30/06/2011**	**31/12/2010**
Property, plant and equipment	**16,559**	**16,559**
Land	53	53
Buildings	5,661	5,661
Plant, supplies and equipment	10,845	10,845
Depreciation	**12,817**	**12,378**
Accumulated as at opening	12,378	11,565
Increase for the period	439	813
Loans	**74**	**124**

2.1.3 Financial assets

Unconsolidated equity interests and other non-current securities are valued at their purchase costs, in the absence of a reliable fair value. The valuation thereof takes into account their useful value and their net book value.
Intercompany receivables and other financial assets are valued at their amortised cost. The fair value is equal to the book value.

2.1.4 Intangible assets

At 30/06/2011 (€000)	Goodwill	Concessions, patents, licences and similar rights	Other	Total
Gross value at opening	17,141	22,750	1,947	41,838
Purchases		2,163	405	2,568
Sales	-115	-34		-149
Changes in scope of consolidation		-15	-128	-143
Currency translation adjustments		-8	-24	-32
Transfers and other activity	-3,115	-1,073	-125	-4,313
Gross value at closing	**13,911**	**23,783**	**2,075**	**39,769**
Amortisation and write-downs at opening	5,463	10,578	1,306	17,347
Sales		-34		-34
Changes in scope of consolidation		-9	-47	-56
Amortisation		516	102	618
Write-downs				
Reversals				
Currency translation adjustments		-5	-22	-27
Transfers and other activity	-3,115	-27	27	-3,115
Amortisation and write-downs at closing	**2,348**	**11,019**	**1,366**	**14,733**
Net book value at opening	**11,678**	**12,172**	**641**	**24,491**
Net book value at closing	**11,563**	**12,764**	**709**	**25,036**

At 31 December 2010 (€000)	Goodwill	Concessions, patents, licences and similar rights	Other	Total
Gross value at opening	17,041	21,665	1,677	40,383
Purchases	100	2,597	385	3,082
Sales		-171	-12	-183
Changes in scope of consolidation				
Currency translation adjustments		13	29	42
Transfers and other activity		-1,354	-132	-1,486
Gross value at closing	**17,141**	**22,750**	**1,947**	**41,838**
Amortisation and write-downs at opening	4,663	9,412	1,078	15,153
Sales		-135	-12	-147
Changes in scope of consolidation				
Depreciation		1,212	226	1,438
Write-downs	800			800
Reversals			-10	-10
Currency translation adjustments		11	24	35
Transfers and other activity		78		78
Amortisation and write-downs at closing	**5,463**	**10,578**	**1,306**	**17,347**
Net book value at opening	**12,378**	**12,253**	**599**	**25,230**
Net book value at closing	**11,678**	**12,172**	**641**	**24,491**

2.1.5 Property, plant and equipment

At 30/06/2011 (€000)	Land and Buildings	Plant and equipment	Other fixed assets	Advances and fixed assets in progress	Total
Gross value at opening	126,175	357,345	28,238	8,785	520,543
Purchases	532	2,777	694	6,934	10,937
Sales	-13	-1,574	-415		-2,002
Changes in scope of consolidation			-26		-26
Currency translation adjustments	-364	-547	-85		-996
Transfers and other activity	561	3,642	83	-4,475	-189
Gross value at closing	**126,891**	**361,643**	**28,489**	**11,244**	**528,267**
Depreciation and write-downs at opening	63,870	223,519	22,529	0	309,918
Sales		-1,301	-248		-1,549
Changes in scope of consolidation			-13		-13
Depreciation	2,095	8,643	966		11,704
Write-downs					
Reversals		-180	-31		-211
Currency translation adjustments	-127	-471	-76		-674
Transfers and other activity	-1	-191			-192
Depreciation and write-downs at closing	**65,837**	**230,019**	**23,127**	**0**	**318,983**
Net book value at opening	**62,305**	**133,826**	**5,709**	**8,785**	**210,625**
Net book value at closing	**61,054**	**131,624**	**5,362**	**11,244**	**209,284**

At 31 December 2010 (€000)	Land and Buildings	Plant and equipment	Other fixed assets	Advances and fixed assets in progress	Total
Gross value at opening	126,282	345,282	27,856	7,960	507,380
Purchases	1,507	10,327	1,317	15,841	28,992
Sales	-4,106	-8,457	-1,377		-13,940
Changes in scope of consolidation					
Currency translation adjustments	300	434	112		846
Transfers and other activity	2,192	9,759	330	-15,016	-2,735
Gross value at closing	**126,175**	**357,345**	**28,238**	**8,785**	**520,543**
Depreciation and write-downs at opening	62,716	216,166	21,770	14	300,666
Sales	-2,991	-7,585	-1,324		-11,900
Changes in scope of consolidation					
Depreciation	4,067	17,280	2,098		23,445
Write-downs					
Reversals		-516	-88	-14	-618
Currency translation adjustments	97	363	95		555
Transfers and other activity	-19	-2,189	-22		-2,230
Depreciation and write-downs at closing	**63,870**	**223,519**	**22,529**	**0**	**309,918**
Net book value at opening	**63,566**	**129,116**	**6,086**	**7,946**	**206,714**
Net book value at closing	**62,305**	**133,826**	**5,709**	**8,785**	**210,625**

2.1.6 Financial assets

At 30/06/2010 (€000)	Unconsolidated stakes	Intercompany Receivables	Loans	Other receivables	Total
Gross value at opening	1,847	0	1,276	1,629	4,752
Purchases			17	569	586
Sales	-50				-50
Changes in scope of consolidation			-9	-3	-12
Currency translation adjustments				-14	-14
Transfers and other activity			-428	-262	-690
Gross value at closing	**1,797**	**0**	**856**	**1,919**	**4,572**
Write-downs at opening	938	0	383	30	1,351
Purchases/Sales					
Changes in scope of consolidation					
Write-downs					
Reversals	-50		-377		-427
Currency translation adjustments					
Transfers and other activity					
Write-downs at closing	**888**	**0**	**6**	**30**	**924**
Net book value at opening	**909**	**0**	**893**	**1,599**	**3,401**
Net book value at closing	**909**	**0**	**850**	**1,889**	**3,648**

At 31 December 2010 (€000)	Unconsolidated stakes	Intercompany Receivables	Loans	Other receivables	Total
Gross value at opening	1,368	417	1,254	1,559	4,598
Purchases	899		212	935	2,046
Sales	-420			-7	-427
Changes in scope of consolidation					
Currency translation adjustments				32	32
Transfers and other activity		-417	-190	-890	-1,497
Gross value at closing	**1,847**	**0**	**1,276**	**1,629**	**4,752**
Write-downs at opening	1,358	417	383	3	2,161
Purchases/Sales					
Changes in scope of consolidation					
Write-downs				27	27
Reversals	-420	-417			-837
Currency translation adjustments					
Transfers and other activity					
Write-downs at closing	**938**	**0**	**383**	**30**	**1,351**
Net book value at opening	**10**	**0**	**871**	**1,556**	**2,437**
Net book value at closing	**909**	**0**	**893**	**1,599**	**3,401**

Other receivables consist mainly of deposits and bonds totalling €1,338,000 at 30 June 2011, compared to €1,285,000 at 31 December 2010.

2.1.7 Table of maturities of other financial assets

At 30/06/2011 (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans	125	140	591	856
Other financial assets	1,313	10	596	1,919
Financial assets and receivables	**1,438**	**150**	**1,187**	**2,775**

At 31 December 2010 (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Loans	499	221	556	1,276
Other financial assets	1,224	80	325	1,629
Financial assets and receivables	**1,723**	**301**	**881**	**2,905**

2.2 Current Assets

2.2.1 Inventories by type

At 30/06/2011 (€000)	Raw materials	In progress	Intermediate and finished goods	Total
Gross value at opening	56,972	16,232	97,403	170,607
Change	9,560	992	23,453	34,005
Gross value at closing	**66,532**	**17,224**	**120,856**	**204,612**
Write-downs at opening	4,562	610	7,192	12,364
Additions	2,761	411	3,098	6,270
Reversals	-3,131	-460	-3,751	-7,342
Currency translation adjustments and other activity	-4		-50	-54
Write-downs at closing	**4,188**	**561**	**6,489**	**11,238**
Net book value at opening	**52,410**	**15,622**	**90,211**	**158,243**
Net book value at closing	**62,344**	**16,663**	**114,367**	**193,374**

At 31 December 2010 (€000)	Raw materials	In progress	Intermediate and finished goods	Total
Gross value at opening	49,269	13,022	89,682	151,973
Change	7,703	3,210	7,721	18,634
Gross value at closing	**56,972**	**16,232**	**97,403**	**170,607**
Write-downs at opening	4,203	692	8,581	13,476
Additions	4,207	579,	6,782	11,568
Reversals	-3,851	-649	-8,197	-12,697
Currency translation adjustments and other activity	3	-12	26	17
Write-downs at closing	**4,562**	**610**	**7,192**	**12,364**
Net book value at opening	**45,066**	**12,330**	**81,101**	**138,497**
Net book value at closing	**52,410**	**15,622**	**90,211**	**158,243**

2.2.2 Write-down of other current assets

€000	Write-downs at opening	Additions	Reversals	Other changes	Write-downs at closing
Trade receivables	3,680	482	-719	-204	3,239
Other receivables	1,007		-748		259
Total	**4,687**	**482**	**-1,467**	**-204**	**3,498**

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	141,922	512		142,434
Taxes and social security contributions receivable	8,923			8,923
Debit current accounts		174		174
Other receivables	2,481			2,481
Prepaid expenses	3,158			3,158
Current Assets	**156,484**	**686**		**157,170**

Write-offs	-3,498
Trade and other receivables presented in the balance sheet	**153,672**

2.2.3 Marketable securities

The value of marketable securities presented in the balance sheet, or €21,018,000, is their market value at 30 June 2011. The fair value is equal to the book value.

2.3 Shareholders' equity

The capital of the parent company consists of 1,131,480 shares with a par value of 4 euro, therefore equalling €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 capital.

2.4 Deferred taxes

The principal sources of deferred taxes are the regulated provisions, finance leases, public subsidies, trademarks, internal profits on inventories and provisions.

The change in deferred taxes presented in the balance sheet totalled €209,000 (increase in net deferred tax liability). The change in deferred taxes recorded in the income statement was €185,000 (deferred tax expense).
The tax calculation is presented in paragraph 2.10.

Statement of changes in deferred tax

€000	**At year-end.**	**At year opening**	**Change**
Deferred taxes receivable	345	393	-48
Deferred taxes payable	28,973	28,812	161
Net deferred tax	**28,628**	**28,419**	**209**

2.5 Provisions

Provisions break down as follows:

€000	**Provisions at opening**	**Additions**	**Reversals**	**Provisions not used**	**Other changes**	**Provisions at closing**
Provisions for pensions and similar obligations	14,828	692	-398	-297	-48	14,777
Other non-current provisions	161	15	-35			141
Non-current provisions	**14,989**	**707**	**-433**	**-297**	**-48**	**14,918**
Provisions for contingent liabilities	3,131	500	-891	-30		2,710
Other provisions for charges	793	32	-372	-13	-129	311
Current provisions	**3,924**	**532**	**-1,263**	**-43**	**-129**	**3,021**

Provisions for pensions and similar obligations consist mainly of retirement pay and are calculated at each closing date.

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

- probability of retirement from the company, turnover, death;
- changes in salaries;
- discounting the amount obtained at the rate of 3,46 %.

The amounts paid to insurance entities are deducted from provisions.

Net change in the provision for pensions and similar obligations

€000	30/06/2011
Commitment at opening	**14,828**
Cost of services rendered	516
Financial expense	326
Actuarial gains and losses	-893
→ *o/w actuarial changes*	*-507*
→ *o/w new recruits*	*17*
→ *o/w departures during the year*	*-403*
Commitment at closing	**14,777**

The recorded commitment includes €11,646,000 of obligations under the plan applicable to French companies and €3,131,000 under plans applicable to foreign companies.

2.6 Borrowings and debt with financial institutions

Statement of liquidity risk

€000	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Loans from Financial Institutions		44,093		44,093
Financial debts	86	608	187	881
Financial debts on financial leases	74			74
Bank loans and overdrafts	37,650			37,650
Subtotal	**37,810**	**44,701**	**187**	**82,698**
Current accounts with credit balances	500		15,500	16,000
Accrued interest	26			26
Total	**38,336**	**44,701**	**15,687**	**98,724**
Estimated interest to maturity				*2,459*

- Including current debt €38,336,000
- Including non-current debt €60,388,000

As at 30/06/2011 the financial debt with financial institutions is all denominated in euro and bears interest at floating rates.
All medium- and long-term financing transactions are based on Euribor for the applicable financing term plus a spread ranging between 0.25% and 0.45%.
The fair value of financial debts is equal to the book value.

2.7 Issuance & financial instruments' programmes

Commercial paper and spot loans

Short-term needs are financed by commercial paper issued by Exacompta Clairefontaine and spot loans. A fixed rate determined at the moment of issue or subscription is paid on the commercial paper, which has a maximum term of 365 days.
The amount recorded in the item "Current portion of interest-bearing debt" was €32 million at the closing date. The maximum amount of commercial paper that may be issued was €125 million at year-end.

Line of credit

A line of credit is in place with several banks for a maximum amount of €145,000, and covers maturities not exceeding 4 years. The usage under this line was €44,000,000 at closing, and this amount is recorded in the item "Interest-bearing debt".
Long-term financing may be 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 insignificant.
The fair value of the financial instruments is provided by the financial institutions from which they are obtained.
The change in the fair value recorded in income amounted to €405,000.

Interest rate risks

In order to protect against changes in interest rates, the group has put hedges in place in the form of interest rate swap, cap and floor agreements.
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 had a €568,000 effect on income as at 30 June 11.

Portfolio of financial instruments

Residual maturity (€000)	Less than 1 year	1 to 5 years	More than 5 years	Total
Rate swaps	4,902	15,279	720	20,901
Caps purchased	63			63
Floors sold	31			31
Total	**4,996**	**15,279**	**720**	**20,995**

2.8 Other current liabilities

€000	30/06/2011	31/12/2010
Advances and down payments received	553	382
Taxes and social security contributions payable	38,105	33,530
Suppliers - fixed assets	1,517	2,759
Other liabilities	12,894	10,553
Deferred income	1,427	114
Derivative financial instruments	707	1,112
Total	**55,203**	**48,450**

Financial derivatives instruments are booked at the fair value indicated by the financial institutions with which they were entered into.

2.9 Off-balance sheet commitments

➢ Greenhouse gas emission quotas

The amount for the commitments received is valued based on the exchange market value.
The commitments for the remaining term of the allocation plan are equal to the total annual allocations yet to be obtained, valued at the year-end exchange market value. The group does not expect an overall deficit for the entire plan.

The quotas to be compensated are valued pursuant to the principles set forth in note 8 of the presentation of the consolidated financial statements.

€000	30/06/2011	31/12/2010
Greenhouse gas emission rights		
➢ Commitments given – compensation	700	1,195
➢ Commitments received – total 2009 allocations	1,281	20
➢ Commitments received – annual allocations yet to be obtained	1,772	3,642

➢ Sureties and guarantees

Exacompta Clairefontaine jointly and severally guarantees payment to Exeltium of all liabilities in respect of purchases of blocks of electricity subscribed to by Papeteries de Clairefontaine.

2.10 Income tax – Calculation of tax

€000	**30/06/2011**	**30/06/2010**
Consolidated net income excluding amortisation of goodwill	520	2,022
Amortisation of goodwill		500
Income taxes	645	1,390
Deferred taxes	185	266
Consolidated tax basis	1,350	4,178
Tax rate applicable to parent company	33.33,%	33.33,%
Theoretical tax expense	**450**	**1,393**
Losses of companies not consolidated for tax purposes		
Tax assets not withheld on foreign companies	532	340
Tax rate differences	-30	184
Tax adjustments	-1,388	-242
Tax debits and credits	1,449	
Other effects	-183	-19
Actual tax expense	**830**	**1,656**

Income taxes	645	1,390
Deferred taxes	185	266
Tax expense in the consolidated financial statements at closing	**830**	**1,656**

2.11 Group staff and employee benefits

Average staff	**30/06/2011**	**30/06/2010**
Management	443	450
Employees	804	786
Labourers and other salaried workers	2,057	2,076
Total	**3,304**	**3,312**

Expenses recorded for defined contribution schemes (in 000s of €)	21,556	20,578

2.12 Financial income and expenses

€000	30/06/2011	30/06/2010
Equity interests and income from other financial assets	14	-5
Income from other receivables and marketable securities	241	156
Other financial income	116	75
Financial instruments	405	
Reversal of provisions and write-downs	1,177	863
Foreign exchange differences	1,005	1,900
Net gain on sale of marketable securities	32	16
Total financial income	**2,990**	**3,005**
Increase in provisions and write-downs	2	6
Interest and financial expenses	1,578	644
Financial expenses on financial leases	1	4
Foreign exchange differences	1,663	760
Other financial expenses	330	443
Financial instruments		175
Net expenses on sales of marketable securities		
Total financial expenses	**3,574**	**2,032**

2.13 Related parties

- The consolidated financial statements include transactions performed by the group with Etablissements Charles Nusse.

€000	30/06/2011	31/12/2010
Balance sheet		
Interest-bearing debt: loans current account	15,500	20,000
Short-term portion of interest-bearing debt	500	700
Income statement		
Financial expenses	114	189
Fees	547	1,194
Locations	2,394	3,313

The group companies benefit from the leadership of Etablissements Charles Nusse and pay a fee equal 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 the managers of the group totalled €821,000 for the first half of 2011.
No benefits are granted to managers of the group aside from retirement commitments calculated pursuant to the rules applicable to the entire workforce.

The remuneration granted to the members of the Board of Directors by way of directors' fees totalled €60,000 in 2011. This was approved by a decision of the Shareholders' Meeting of 26/05/2011.

3. SEGMENT INFORMATION

➢ Segment information by activity – 30/06/2011

€000	Paper	Processing	Intersegment transactions	Total
Segment income statement				
Revenues	143,992	189,226	-62,240	270,978
Depreciation/amortisation (net of reversals)	5,888	6,223		12,111
Write-downs and provisions	64	-2,171		-2,107
Operating profit (excl. goodwill)	2,540	-257	-349	1,934
Amortisation of goodwill				–
Segment assets				
Net intangible assets and fixed assets	114,790	107,967		222,757
o/w investments	*5,196*	*8,310*		*13,506*
Goodwill		11,563		11,563
Trade receivables	49,221	123,002	-33,028	139,195
Other assets allocated	69,980	142,094	-2,750	209,324
Unallocated assets				*1,515*
Total assets	233,991	384,626	-35,778	584,354
Segment liabilities				
Provisions	531	2,490		3,021
Other liabilities allocated	48,551	101,292	-33,631	116,212
Unallocated liabilities				–,
Total liabilities	49,082	103,782	-33,631	119,233

➢ Segment information by geographic area – 30/06/2011

€000	France	Europe	Outside of Europe	Total
Revenues	175,083	80,834	15,061	270,978
Net intangible assets and fixed assets	209,589	8,039	5,129	222,757
o/w investments	*11,824*	*826*	*856*	*13,506*
Goodwill	11,563			11,563
Trade receivables	121,891	13,981	3,323	139,195
Other assets allocated	191,799	9,952	7,573	209,324
Unallocated assets				*1,515*
Total assets	534,842	31,972	16,025	584,354

➢ Segment information by activity – 30/06/2010

€000	Paper	Processing	Intersegment transactions	Total
Segment income statement				
Revenues	137 376	180 503	-55 835	262 044
Amortisation (net of reversals)	5 642	6 378		12 020
Write-downs and provisions	325	-1 126		-801
Operating profit (excl. goodwill)	6 158	-2 889	-64	3 205
Amortisation of goodwill		500		500
Segment assets				
Net intangible assets and fixed assets	117,487	106,253		223,740
o/w investments	*13,756*	*4,010*		*17,766*
Goodwill		11,878		11,878
Trade receivables	48,653	123,694	-32,379	139,968
Other assets allocated	50,896	129,359	-2,028	178,227
Unallocated assets				*1,790*
Total assets	217,036	371,184	-34,407	555,603
Segment liabilities				
Provisions	641	1,627		2,268
Other liabilities allocated	49,533	98,530	-32,611	115,452
Unallocated liabilities				–,
Total liabilities	50,174	100,157	-32,611	117,720

➢ Segment information by geographic area – 30/06/2010

€000	France	Europe	Outside of Europe	Total
Revenues	170,843	76,951	14,250	262,044
Net intangible assets and fixed assets	210,140	8,767	4,833	223,740
o/w investments	*16,462*	*669*	*635*	*17,766*
Goodwill	11,578	300		11,878
Trade receivables	122,581	14,033	3,354	139,968
Other assets allocated	160,469	10,958	6,800	178,227
Unallocated assets				*1,790*
Total assets	504,768	34,058	14,987	555,603

Exacompta Clairefontaine S.A.

Certification
of the half-yearly financial report

I certify that to the best of my knowledge, the financial statements for the past six-month period were prepared in accordance with applicable accounting standards and that they give a true and fair view of the company's assets, financial position and results and that the half-yearly activity report enclosed herein presents a true and fair view of the important events which occurred over the first six months of the financial year, their effect on the financial statements, the principal transactions between related parties, and a description of the main risks and principal uncertainties for the remaining six months of the financial year.

Jean-Olivier Roussat
Executive Vice President

Exacompta Clairefontaine S.A.

Report of the Statutory Auditors
on the half-yearly financial information

SEREC AUDIT
21 rue Leriche
75015 PARIS

BATT AUDIT
25, rue du Bois de Champelle
54500 VANDŒUVRE-LES-NANCY

EXACOMPTA CLAIREFONTAINE

**REPORT OF THE STATUTORY AUDITORS
ON THE HALF-YEARLY FINANCIAL INFORMATION
AT 30 JUNE 2011**

To the shareholders,

In order to carry out the mission entrusted to us by your Shareholders' Meeting and pursuant to Article L. 451-1-2 III of the French monetary and financial code, we have performed:

- a limited examination of the consolidated half-yearly financial statements of **Exacompta Clairefontaine** for the period 1 January to 30 June 2011 as they are enclosed in this report;

- the verification of the information given in the half-yearly activity report.

These consolidated half-yearly financial statements were prepared under the responsibility of the Board of Directors. It is our responsibility, based on our limited examination, to express our conclusion on those statements.

1. Conclusion on the financial statements

We performed our limited examination in accordance with the professional standards applicable in France. A limited examination essentially consists of interviewing the top managers in charge of the financial and accounting areas and carrying out analytical procedures. These efforts are less comprehensive than those required for an audit performed according to the professional standards applicable in France. Therefore, the assurance that the financial statements, taken as a whole, do not contain material mistatements resulting from the performance of a limited examination is a reasonable assurance that is less certain than the assurance obtained from the performance of an audit.

Based on our limited examination, we did not find any material mistatements that would call into question, from the standpoint of the IFRS adopted in the European Union, the truth and fairness of the half-yearly consolidated financial statements or the true and fair image they give of the assets and financial position at the end of the first half, and of the results for the first six months for all of the persons and entities included in the consolidation.

2. Specific checks

We have also verified the information provided in the half-yearly activity report commenting on the consolidated half-yearly financial statements on which our limited examination was conducted. We have no comments to make about the accuracy and conformity thereof with the consolidated half-yearly financial statements.

Paris, 2 September 2011

The Statutory Auditors

SEREC AUDIT	BATT AUDIT
Benoît GRENIER	**Pascal François**