

# The world leader in mineral-based specialty solutions for industry

FIRST-HALF FINANCIAL REPORT 2013



**IMERYS**  
TRANSFORM TO PERFORM



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# 1 | Person responsible for the First-Half Financial Report

## **1 - Person responsible for the First-Half Financial Report**

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Gilles Michel, Chairman and Chief Executive Officer

## **2 - Certificate of the person responsible for the First-Half Financial Report**

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I certify that to the best of my knowledge the condensed financial statements for the past six months have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the reporting entity and the companies included in the scope of consolidation, and that the enclosed half-year activity report includes a fair review of the material events that occurred in the first six months of the financial year, their impact on the financial statements, an account of the main related-party transactions as well as a description of the principal risks and the principal uncertainties for the remaining six months of the year.

Paris, July 29, 2013



Gilles Michel

Chairman and Chief Executive Officer



## 2 | First-Half Activity Report

The global economic slowdown was confirmed in the 1<sup>st</sup> half of 2013. While growth continued in North America, the prolonged recession in the euro zone continued to weigh on the industry and construction sectors in particular. Expansion slowed down in emerging countries.

Several currencies depreciated significantly against the euro (Japanese yen, Indian rupee, Brazilian real, South African rand), while the euro-dollar rate was almost unchanged from the 1<sup>st</sup> half of 2012. During the 1<sup>st</sup> half of 2013, inflationary pressure on factor costs was moderate compared with the same period the previous year.

In that context, Group revenue is down - 5.3% compared to the 1<sup>st</sup> half of 2012 and current operating margin remains firm at 13.0%. The net income from current operations decreased - 3.7%.

(€ millions)	30.06.2013	30.06.2012	% current change
<b>CONSOLIDATED RESULTS</b>			
Revenue	1,880.7	1,986.2	- 5.3%
Current operating income <sup>(1)</sup>	244.0	265.4	- 8.1%
<i>Operating margin</i>	<i>13.0%</i>	<i>13.4%</i>	<i>- 0.4 point</i>
Net income from current operations, Group share <sup>(2)</sup>	155.0	161.0	- 3.7%
Net income, Group share	128.7	157.3	n.s.
<b>FINANCING</b>			
Paid capital expenditure	119.5	116.1	+ 3.0%
Current free operating cash flow <sup>(3)</sup>	129.0	130.5	- 1.1%
Shareholders' equity	2,287.6	2,222.3	+ 2.9%
Net financial debt	1,054.5	1,039.8	+ 1.4%
<b>DATA PER SHARE</b>			
Net income from current operations, Group share, per share <sup>(2) &amp; (4)</sup>	2.06 €	2.14 €	- 3.7%

(1) Throughout the present activity report, "Current operating income" means operating income, before other operating revenue and expenses, but including share of joint ventures and associates

(2) Throughout the present activity report, "Net income from current operations, Group share", means Group share of net income, before other operating revenue and expenses, net.

(3) Current free operating cash flow: EBITDA minus notional tax, change in working capital requirements and paid capital expenditure.

(4) The weighted average number of outstanding shares decreased to 75,365,106 in the first half of 2013, compared with 75,127,597 in the 1<sup>st</sup> half of 2012.

In line with its development strategy, the Group has carried out several operations since the beginning of 2013 that will enable it to increase its exposure to high-potential markets and extend its geographic presence.

- On April 11, 2013, Imerys announced that it had strengthened its industrial assets in Oilfield Minerals in the United States with the acquisition of PyraMax Ceramics, LLC. The Group acquired ownership of a production unit for ceramic proppants, which are used to keep rock fractures open in the operation of non-conventional oil and gas fields. In addition, PyraMax Ceramics, LLC holds mineral reserves of the refractory kaolins needed to make proppants. Construction of this plant with forecast capacity of 225,000 tons in Wrens (Georgia, United States) is being completed and the ramp-up is planned for 2014. The investment amounts to US\$235 million, to be potentially increased by the end of 2014 with additional amounts not to exceed US\$100 million, subject to industrial and commercial performance criteria being met.
- In Asia, Imerys completed two transactions that will enable the Monolithic Refractories activity to extend its international network and benefit from local presence. The acquisition of Indoporlen, the Indonesian leader in monolithic refractories with revenue of €15 million in 2012, gives Imerys its first base in the country and a sound platform for development. The purchase of Tokai Ceramics (approx. €7 million revenue in 2012), a Japanese producer of monolithic refractories, expands Calderys' presence in Japan and gives it easier access to the steel market.

The BOUYER LEROUX group's acquisition project of the Imerys Structure activity (wall and partition bricks, chimney blocks), announced on December 12, 2012, has resulted in consultation with personnel representation bodies, which led to a favorable opinion in the 1<sup>st</sup> quarter of 2013. In addition, French competition authorities notified their approval for the operation on July 26, 2013. With this final condition precedent met, the legal and financial closing of the transaction can take place in fall 2013. Under the agreements entered into with BOUYER LEROUX, the transaction will be made on a basis defined on May 1, 2013 for an enterprise value equivalent to forecast sales for 2013.

In addition, Imerys has strengthened its operating and managerial organization around four business groups. Their perimeters have been revised to draw maximum benefit from development opportunities in a changing environment. Details of this new structure, effective since July 1, 2013, are given on page 14 of this press release.

## DETAILED COMMENTARY ON THE GROUP'S RESULTS

### REVENUE

<i>Non-audited quarterly data</i>	<b>Revenue 2013</b> (€ millions)	<b>Revenue 2012</b> (€ millions)	<b>Change in revenue</b> (% previous year)	<b>Comparable change <sup>(1)</sup></b> (% previous year)	<b>of which Volume</b>	<b>of which Price/Mix</b>
1 <sup>st</sup> quarter	929.3	974.4	- 4.6%	- 4.0%	- 5.6%	+ 1.6%
2 <sup>nd</sup> quarter	951.4	1,011.8	- 6.0%	- 3.8%	- 5.0%	+ 1.2%
<b>1<sup>st</sup> half</b>	<b>1,880.7</b>	<b>1,986.2</b>	<b>- 5.3%</b>	<b>- 3.9%</b>	<b>- 5.3%</b>	<b>+ 1.4%</b>

**Revenue** for the 1<sup>st</sup> half of 2013 totals €1,880.7 million (- 5.3% vs. same period in 2012). It takes into account:

- Negative foreign exchange rate impact of - €29.5 million (- 1.5%) due to the euro's appreciation against certain currencies.
- The net effect of changes in Group structure for + €1.1 million (+ 0.1%), comprised of:
  - the positive effect of the acquisitions of Itatex in Brazil (consolidated since May 2012), Arefcon b.v. (the Netherlands, January 2013), Indoporlen (Indonesia, June 2013) and Goonvean's kaolin activities in the United Kingdom (November 2012<sup>(2)</sup>): UK competition authorities are continuing their in-depth analysis of the transaction and Imerys is confident to obtain their approval next September;
  - a negative effect: the Imerys Structure activity is no longer taken into account from May 1, 2013 onwards.

At comparable Group structure and exchange rates, revenue decreased - 3.9% compared with the 1<sup>st</sup> half of 2012, which was a high comparison basis.

In the 1<sup>st</sup> half of 2013, the trend in volumes (- €105.7 million, i.e. - 5.3%) is comparable to the second half of 2012. Sectors related to consumer goods (food, health, beauty, pharma, packaging, energy, etc.) were firm in all regions, whereas European activities related to capital expenditure and construction slumped significantly.

The price/mix component, which is positive in all business groups, increased by + €28.6 million (+ 1.4%) for the Group as a whole in a context of lower inflation.

(1) Throughout the present activity report, "comparable change" means "at comparable Group structure and exchange rates".

(2) Acquisition announced in November 5, 2012 press release. Goonvean's kaolin activities posted annual revenue of approximately £18 million (€22 million) for the last financial year.



## Revenue by geographic zone of destination

(€ millions)	Revenue H1 2013	% change H1 13 vs. H1 12	% of consolidated revenue as of 06.30.2013	% of consolidated revenue as of 06.30.2012
Western Europe	884.2	- 4.9%	47%	47%
<i>of which France</i>	293.0	- 8.9%	16%	16%
United States / Canada	419.3	- 0.6%	22%	21%
Emerging countries	486.6	- 8.1%	26%	27%
Others (Japan / Australia)	90.6	- 13.5%	5%	5%
<b>Total</b>	<b>1,880.7</b>	<b>- 5.3%</b>	<b>100%</b>	<b>100%</b>

In the 1<sup>st</sup> half of 2013, the geographic breakdown of sales is equivalent to that of the 1<sup>st</sup> half of 2012. The decrease recorded in Europe particularly reflects the downturn in the Building Materials activity in France. In North America, strong consumer goods and construction-related activities offset the decrease in steel-related sales. In the other geographic zones, the trend for the period should be seen in the context of some currencies' substantial depreciation against the euro compared with the same period in the previous year (Japanese yen: - 21%; Indian rupee - 7%; Brazilian real: - 11%; South African rand: - 18%).

## CURRENT OPERATING INCOME

<i>Non-audited quarterly data</i> (€ millions)	2013	2012	% Change	% Comparable change
1 <sup>st</sup> quarter	117.0	126.2	- 7.3%	- 9.1%
<i>Operating margin</i>	<i>12.6%</i>	<i>12.9%</i>	<i>- 0.3 point</i>	
2 <sup>nd</sup> quarter	127.0	139.2	- 8.8%	- 3.7%
<i>Operating margin</i>	<i>13.3%</i>	<i>13.8%</i>	<i>- 0.5 point</i>	
<b>1<sup>st</sup> half</b>	<b>244.0</b>	<b>265.4</b>	<b>- 8.1%</b>	<b>- 6.3%</b>
<i>Operating margin</i>	<i>13.0%</i>	<i>13.4%</i>	<i>- 0.4 point</i>	

**Current operating income** totaled €244.0 million (- 8.1%) in the 1<sup>st</sup> half of 2013 and takes the following items into account:

- An unfavorable exchange rate effect of - €3.0 million (- 1.1%);
- A limited Group structure effect of - €1.8 million (- 0.7%), Imerys Structure' s activity no longer being taken into account from May 1, 2013 onwards.

At comparable Group structure and exchange rates, the decrease in current operating income (- 6.3%) reflects lower sales volumes (- €53.6 million), partly offset by the effect of fixed costs and general expenses reduction measures (€21.5 million), which continued throughout the 1<sup>st</sup> half. These efforts concerned, in particular:

- the adaptation of industrial assets (production rates, occasional use of short-time working, restructuring of some sites),
- the reduction of fixed costs and general expenses.

However, R&D and innovation efforts were kept up.

The product positive price/mix effect contributes to every business group's income. On the consolidated level, the + €20.7 million increase compared with the 1<sup>st</sup> half of 2012 should be seen in the context of lower inflation in variable costs (- €1.6 million). Higher energy prices were contained thanks to the Group's hedging, while the price of out sourced raw materials decreased.

In this more difficult economic environment, the 1<sup>st</sup> half **operating margin** held out well at 13.0% (13.4% in the 1<sup>st</sup> half of 2012).

## NET INCOME FROM CURRENT OPERATIONS

**Net income from current operations** totaled €155.0 million (€161.0 million in 1<sup>st</sup> half 2012) and takes the following items into account:

- Financial expense for - €27.8 million (vs. - €39.2 million in 1<sup>st</sup> half 2012, after restating retirement and pension provisions):
  - Thanks to the decrease in average net financial debt over the period, interest expense was reduced (- €25.4 million vs. - €29.2 million in 1<sup>st</sup> half 2012);
  - Changes in provisions and pensions represent an expense of - €6.9 million (- €6.7 million in 1<sup>st</sup> half 2012 after restatement following the “IAS 19 Revised” standard on employee benefits to ensure full comparability; see appendix hereto);
  - The net impact of exchange rates and financial instruments is a + €4.5 million gain (- €3.3 million expense in 1<sup>st</sup> half 2012).
- A - €60.1 million tax charge (- €63.7 million in 1<sup>st</sup> half 2012), i.e. a 27.8% effective tax rate, close to the one of the 1<sup>st</sup> half 2012 (28.2%). Changes in the activity and country mix offset higher French tax charges.

## NET INCOME

**Other operating income and expenses, net of tax**, total - €26.3 million for the 1<sup>st</sup> half of 2013. Their pre-tax amount (- €33.4 million) mainly covers:

- Expenses for restructuring carried out during the period for - €23.5 million (particularly Building Materials in France, Kaolins in the UK, and Fused Minerals in the USA and China),
- Changes in provisions, particularly with respect to industrial asset depreciation, for - €6.2 million,
- Activity acquisition and divestment expenses and other operating expenses (- €3.7 million).

After taking other operating revenue and expenses, net of tax, into account, **net income, Group's share**, totals €128.7 million for the 1<sup>st</sup> half of 2013 (€157.3 million in 1<sup>st</sup> half 2012).

## CASH FLOW

(€ millions)	06.30.2013	31.12.2012	06.30.2012
<b>EBITDA</b>	<b>335.8</b>	<b>662.5</b>	<b>355.1</b>
Changes in operating working capital requirement	(23.5)	15.3	(36.5)
Paid capital expenditure	(119.5)	(257.1)	(116.1)
<b>Current free operating cash flow *</b>	<b>129.0</b>	<b>289.4</b>	<b>130.5</b>
Financial cash flow financier (net of tax)	(20.1)	(49.9)	(28.2)
Other working capital requirement items	5.7	62.8	29.6
<b>Current free cash flow</b>	<b>114.6</b>	<b>302.3</b>	<b>131.9</b>

\* including subsidies, value of divested assets and misc. 4.1 4.4 2.7

At 22.3% of annualized sales for the last quarter<sup>(3)</sup>, **working capital requirement** remains under control.

**Paid capital expenditure** amounts to €119.5 million in the 1<sup>st</sup> half of 2013. The booked amount (€97.4 million) represents 92% of depreciation expense (vs. 89% in 1<sup>st</sup> half 2012). Maintenance and overburden operations were stable compared with the same period in 2012 and the Group's development capital expenditure continued. Details of the main projects are given for each business group.

<sup>(3)</sup> Continuation of factoring contract signed on July 23, 2009 under which transferred receivables are deconsolidated, with the risks and benefits related to receivables transferred to the factor bank. €70 million in receivables was factored as on June 30, 2013.

Consequently, Imerys maintained the same level of **free current operating cash flow** compared with the same period the previous year, at €129.0 million for the 1<sup>st</sup> half of 2013.

## FINANCIAL STRUCTURE

(€ millions)	06.30.2013	12.31.2012	06.30.2012
Paid dividends	(117.5)	(114.1)	(113.3)
Net financial debt, end of period	1,054.5	874.8	1,039.8
Average net debt	984.0	1,009.0	1,077.0
Shareholders' equity	2,287.6	2,261.0	2,222.3
EBITDA	335.8	662.5	355.1
Net debt/ Shareholders' equity	46.1%	38.7%	46.8%
Net debt/ EBITDA <sup>(4)</sup>	1.6x	1.3x	1.5x

After the payment of €117.5 million in dividends, the acquisition of PyraMax Ceramics, LLC (first payment made on April 10, 2013 for US\$152 million; second payment planned in August 2013 for approx. US\$55 million) and the two acquisitions completed by Calderys (Arefcon b.v. and Indoporlen), the Group's **net financial debt** totals €1.055 billion as on June 30, 2013 (€1.040 billion as on June 30, 2012). Imerys' financial debt ratios remain sound and are comparable to their June 30, 2012 levels, as is net financial debt: net debt represents 46.1% of shareholders' equity and 1.6x EBITDA.

As regards financing, Imerys' **total financial resources** amount to €2.9 billion (of which €1.5 billion in available financial resources, excluding cash in bank) as of June 30, 2013. Over the past 24 months, total financial resources were increased and diversified and their average maturity extended: more than €850 million in additional bilateral credit facilities has been secured. These financial resources enable the Group to cover 2013 repayments (redemption of US\$140 million bond) and the end of its €750 million, syndicated credit in July 2013. Excluding repayments in 2013 and cash, available financial resources total approx. €650 million with an average maturity of 3.3 years.

Furthermore, on April 22, 2013, the rating agency Moody's confirmed the long-term credit rating assigned to Imerys in 2011, "Baa2" with a stable outlook. The short-term rating is "P-2", also with a stable outlook, was also reaffirmed.

Imerys can therefore rely on a sound financial situation for the implementation of its development plan.

## EVENTS AFTER THE END OF THE PERIOD

The half-year consolidated financial statements as of June 30, 2013 were closed by the Board of Directors at its meeting on July 29, 2013. On July 26, 2013, the French Competition Authority allowed the disposal project of the Imerys Structure activity to the BOUYER LEROUX group. With this final condition precedent met, the legal and financial closing of the transaction can take place in the fall 2013.

## OUTLOOK

The economic environment, which has prevailed since mid-2012, is likely to continue in the second half of 2013.

In that context, the Group continues to implement measures to protect its operating margin and its cash flow generation. On this basis and with unchanged market conditions, Imerys net income from current operations for the second half of 2013, and consequently the one for the whole year, should be closer to the previous year's.

Thanks to a financial situation that remains sound, the Group has the resources needed to continue its development plan in order to take advantage of growth opportunities in a changing environment.

(4) EBITDA on 12 rolling months.

## COMMENTARY BY BUSINESS GROUP

### Minerals for Ceramics, Refractories, Abrasives & Foundry

(30% of consolidated revenue)

Non-audited quarterly data (€ millions)	2013	2012	% Current change	% Comparable change
1st quarter revenue	273.7	297.8	- 8.1%	- 6.7%
2nd quarter revenue	297.4	323.3	- 8.0%	- 6.5%
<b>1<sup>st</sup> half revenue</b>	<b>571.1</b>	<b>621.1</b>	<b>- 8.0%</b>	<b>- 6.6%</b>
Current operating income	58.1	81.6	- 28.8%	- 28.1%
<i>Operating margin</i>	<i>10.2%</i>	<i>13.1%</i>		
Booked capital expenditure	50.2	40.6	+ 23.6%	
<i>As of % depreciation</i>	<i>166%</i>	<i>135%</i>		

Business in Minerals for Refractories, Fused Minerals and some Graphite & Carbon segments was hit by the slump in European industrial output and by lower steel production (- 5.1% for the first 6 months of 2013 vs. the same period the previous year – source: World Steel Association). While the industrial output trend was healthier in North America, steel production fell - 5.8% over the same period. The slowdown in China also weighed on the Fused Minerals activity.

Activity remained satisfactory in Mineral for Ceramics, thanks to the recent geographic and technical developments, and demand for Oilfield Minerals gradually recovered in the United States in the 1<sup>st</sup> half of 2013.

**Revenue**, at €571.1 million for the 1<sup>st</sup> half of 2013, fell - 8.0% compared with the 1<sup>st</sup> half of 2012. This decrease includes a negative exchange rate effect for - €8.6 million; the structure effect is negligible (- €0.4 million).

At comparable Group structure and exchange rates, the decrease was - 6.6% and resulted from lower volumes. The product price/mix component was positive overall but remains impacted by lower zircon prices in China (Fused Minerals).

**Current operating income**, totaling €58.1 million, takes into account an exchange rate impact of - €0.5 million.

At comparable Group structure and exchange rates, the contraction in income reflects the significant decrease in the sales volumes that make the highest contributions. This contraction was partly offset by the decrease in fixed costs. In addition, the business group's current operating income includes the launch of the new Oilfield Solutions division and the consolidation of PyraMax Ceramics, LLC as of April 10, 2013.

Consequently, the **operating margin** worked out at 10.2% (13.1% in 1<sup>st</sup> half 2012).

**Capital expenditure** continued for projects begun in 2012, particularly in carbon (capacity doubled at the Willebroek, Belgium plant), fused alumina (new plant in Bahrain) and proppants (construction of Wrens plant, Georgia, United States).

## Performance & Filtration Minerals

(24% of consolidated revenue)

Non-audited quarterly data (€ millions)	2013	2012	% Current change	% Comparable change
1 <sup>st</sup> quarter revenue	223.6	221.7	+ 0.8%	+ 1.2%
2 <sup>nd</sup> quarter revenue	240.2	233.3	+ 3.0%	+ 4.5%
<b>1<sup>st</sup> half revenue</b>	<b>463.8</b>	<b>455.0</b>	<b>+ 1.9%</b>	<b>+ 2.9%</b>
Current operating income	73.9	60.7	+ 21.9%	+ 24.9%
<i>Operating margin</i>	<i>15.9%</i>	<i>13.3%</i>		
Booked capital expenditure	14.6	14.6	n.s.	
<i>As of % depreciation</i>	<i>55%</i>	<i>53%</i>		

Since the start of 2013, consumer goods markets (food, health, etc.) have enjoyed firm demand in North America, where intermediate industries (plastics, paint, rubber, catalysis, etc.) benefitted from the dynamic construction sector. Activity remained firm in emerging zones. In Europe, a resilient consumer goods sector and growth in talc sales in the automotive industries (additives for polymer plastics) partly made up for the slump in industrial equipment and construction.

At €463.8 million in the 1<sup>st</sup> half of 2013, **revenue** rose + 1.9% compared with the 1<sup>st</sup> half of 2012. This increase takes the following items into account:

- A - €7.9 million negative exchange rate impact (- 1.7%).
- A + €3.5 million Group structure effect (+ 0.8%) resulting from the consolidation of Itatex in Brazil (as of May 1, 2012).

At comparable structure and exchange rates, revenue grew + 2.9%.

**Current operating income**, at €73.9 million, rose + €13.3 million. It takes into account an unfavorable exchange rate impact of - €2.1 million and a limited structure effect (+ €0.3 million). At comparable Group structure and exchange rates, the increase was + 24.9%, thanks to a substantial volume contribution and an improvement in operating efficiency. The increase in the product price/mix component was higher than the rise in variable costs.

The **operating margin** improved significantly (+ 2.6 points) to 15.9%.

**Capital expenditure** was kept up in the 1<sup>st</sup> half of 2013.

## Pigments for Paper & Packaging

(22% of consolidated revenue)

Non-audited quarterly data (€ millions)	2013	2012	% Current change	% Comparable change
1 <sup>st</sup> quarter revenue	206.2	213.2	- 3.3%	- 1.2%
2 <sup>nd</sup> quarter revenue	206.9	216.3	- 4.3%	- 2.4%
<b>1<sup>st</sup> half revenue</b>	<b>413.1</b>	<b>429.5</b>	<b>- 3.8%</b>	<b>- 1.8%</b>
Current operating income	41.7	42.5	- 1.9%	- 5.0%
<i>Operating margin</i>	<i>10.1%</i>	<i>9.9%</i>		
Booked capital expenditure	24.3	32.1	- 24.3%	
<i>As of % depreciation</i>	<i>71%</i>	<i>90%</i>		

In the 1<sup>st</sup> half of 2013, printing and writing paper production grew further in emerging countries (+ 4.0% - RISI and Imerys estimates), while the structural contraction in mature countries (- 3.8%) continued, with consequences in terms of capacity rationalization. Demand for specialty papers and for packaging applications remained healthy.

**Revenue** for the 1<sup>st</sup> half of 2013, at €413.1 million, decreased - 3.8% compared with the 1<sup>st</sup> half of 2012. Excluding the exchange rate effect (- €8.5 million, i.e. - 2.0%), the decrease was less substantial (- 1.8%) due to the positive contribution of the product price/mix and a limited drop in volumes.

**Current operating income**, at €41.7 million, was stable compared with the 1<sup>st</sup> half of 2012. It takes into account a favorable exchange rate effect of + €1.4 million. At comparable Group structure and exchange rates, the decrease in the business group's income (- 5.0%) reflects the lower contribution of sales volumes. The price/mix component offset the rise in variable costs.

Consequently, the **operating margin** improved to 10.1% (9.9% in 1<sup>st</sup> half 2012).

The Pigments for Paper & Packaging business group continues to commit **capital expenditure** selectively. The new lime production unit (Brazil) should come on stream towards the end of 2013 as planned.

## Materials & Monolithics

(24% of consolidated revenue)

Non-audited quarterly data (€ millions)	2013	2012	% Current change	% Comparable change
1 <sup>st</sup> quarter revenue	230.6	255.9	- 9.9%	- 9.0%
2 <sup>nd</sup> quarter revenue	214.2	253.2	- 15.4%	- 9.5%
<b>1<sup>st</sup> half revenue</b>	<b>444.8</b>	<b>509.1</b>	<b>- 12.6%</b>	<b>- 9.2%</b>
Current operating income	91.2	105.1	- 13.3%	- 9.9%
<i>Operating margin</i>	<i>20.5%</i>	<i>20.7%</i>		
Booked capital expenditure	4.7	5.8	- 19.0%	
<i>As of % depreciation</i>	<i>35%</i>	<i>37%</i>		

**In the Refractory Solutions activity** (57% of the business group's revenue), the downturn in European steel production and other high-temperature industries (power generation, incineration, casting, cement, petrochemicals, etc.) and a significant slowdown in new project starts affected the business in the 1<sup>st</sup> half of 2013.

The diversification of Monolithic Refractories' sectorial and geographic presence continued with the acquisition of a 70% interest in Indoporlen, the leading Indonesian manufacturer and installer of a full range of refractory products (bricks, monolithics, prefabricated shapes). This transaction was completed on June 3, 2013 for €15 million. With revenue close to €15 million in 2012, the company has strong positions in the metal conversion and steel segments. Indoporlen can draw on Calderys' know-how and offering to diversify its presence in new, growing sectors (petrochemicals, etc.).

At the start of the second half, Calderys acquired Tokai Ceramics, a renowned Japanese producer of monolithic refractories with 2012 revenue of approximately €7 million. Tokai Ceramics' products are intended for the foundry, reheating furnace and electric arc furnace industries, a positioning that is a good fit with Calderys Japan's. This transaction, closed on July 1, 2013, will enable the new business combination to broaden its customer base and optimize its supply conditions.

These operations are in addition to the acquisition of Arefcon b.v., a Dutch company specialized in refractory fitting for the petrochemicals industry, in January 2013.

**In Building Materials in France**, new single and grouped single-family housing starts over 12 sliding months reached their lowest point for the past 15 years (approx. 160,000 units launched according to the ministry of the ecology, sustainable development and energy; -9% vs. 12 sliding months ending May 2012, 2013). No turnaround has been seen in the historically low sales of new single-family housing. In that context, and despite adverse weather conditions, sales of clay roof tiles recorded a lower downturn (-8% on 12 sliding months ending June 2013 – source: FFTB, French roof tiles & bricks federation estimates) due to resilient activity in renovation.

The BOUYER LEROUX group's acquisition project of the Imerys Structure activity (wall and partition bricks, chimney blocks), announced on December 12, 2012, has resulted in consultation with personnel representation bodies, which led to a favorable opinion in the 1<sup>st</sup> quarter of 2013. In addition, French competition authorities notified their approval for the operation on July 26, 2013. With this final condition precedent met, the legal and financial closing of the transaction can take place in fall 2013. Under the agreements entered into with BOUYER LEROUX, the transaction will be made on a basis defined on May 1, 2013 for an enterprise value equivalent to forecast sales for 2013.

At €444.8 million, the business group's **revenue** (-12.6% vs. 1<sup>st</sup> half 2012) takes into account:

- A - €12.2 million structure effect (-2.4%) concerning:
  - the acquisitions of Arefcon b.v. (January 15, 2013) and Indoporlen (June 3, 2013);
  - the cessation of activity of Calderys Venezuela at the end of 2012. In addition, the Imerys Structure activity is no longer taken into account from May 1, 2013 onwards (-€14.2 million). Imerys Structure activity achieved revenue close to €50 million and current operating income of approximately €4 million for the period from May 1, 2012 to December 31, 2012.
- A negative exchange rate effect of -€5.0 million (-1.0%).

At comparable Group structure and exchange rates, the decrease in revenue (-9.2%) reflects the impact of sales volumes in both of the business group's activities, which was partly offset by an improved product price/mix component.

Materials & Monolithics' **current operating income** totaled €91.2 million, including:

- A - €1.8 million Group structure effect (mainly the Imerys Structure activity);
- A - €1.7 million exchange rate effect.

At comparable structure and exchange rates, the decrease in current operating income is -9.9%. Ardoisières d'Angers' (French Roofing Slates activity) difficulties in a slumping market weighed on the business group's profitability. Thanks to a positive price/mix effect and the measures taken by the business group to control costs, the **operating margin**, at 20.5%, was comparable to the first half of last year's.

In the 1<sup>st</sup> half of 2013, the business group's **capital expenditure** focused on the maintenance of industrial assets.

## ORGANIZATION

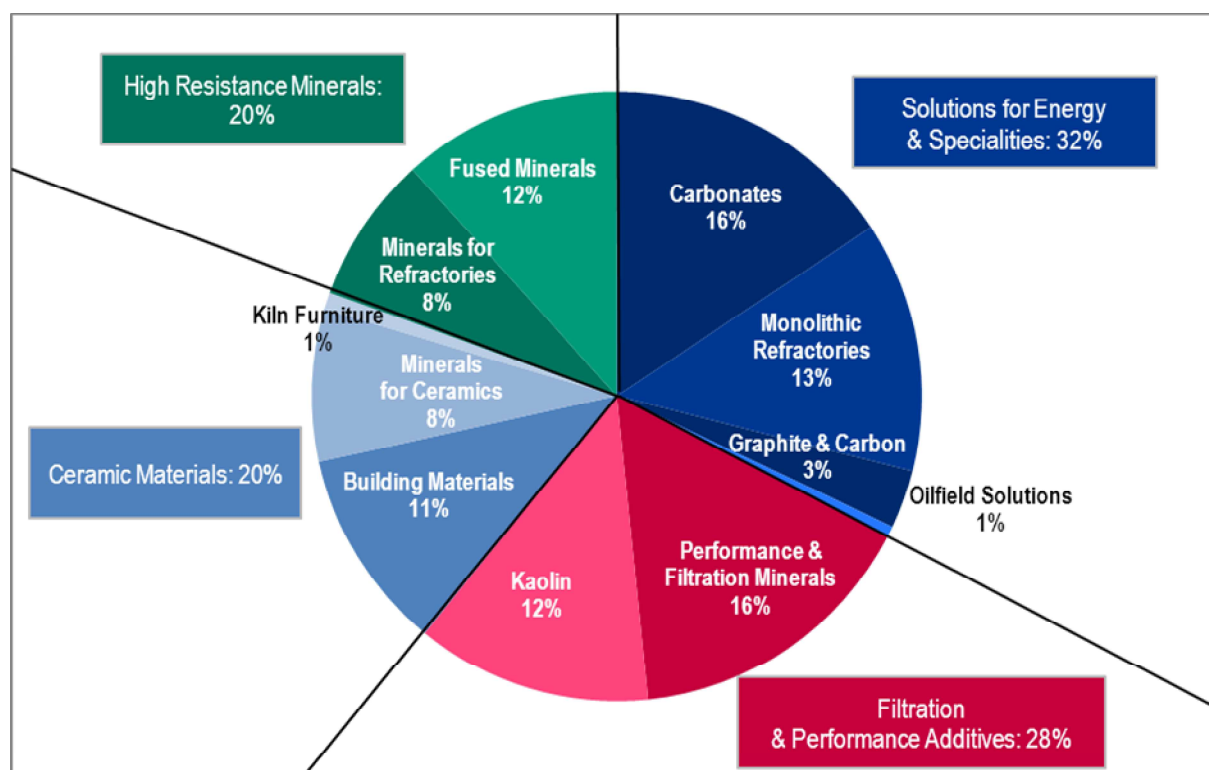
Imerys strengthened its operating and management organization around four business groups. Their perimeters were revised to draw maximum benefit from development opportunities in a changing environment. This configuration will enable the Group to create new synergies, for example in terms of technical or industrial aspects, mineral resources management, business logic and geographic development.

Consequently, as of July 1, 2013, Imerys is organized into four operating business groups as described below:

- the **Energy Solutions & Specialties** business group, comprised of the Carbonates, Monolithic Refractories, Graphite & Carbon and Oilfield Solutions activities, managed by Olivier Hautin;
- the **Filtration & Performance Additives** business group, including the Performance & Filtration Minerals and Kaolin activities, managed by Dan Moncino;
- the **Ceramic Materials** business group, comprised of the Minerals for Ceramics, Building Materials and Kiln Furniture activities, managed by Frédéric Beucher;
- the **High-Resistance Minerals** business group, made up of the Minerals for Refractories and Fused Minerals activities, managed by Alessandro Dazza.

Frédéric Beucher and Alessandro Dazza, who were until now in charge of the Minerals for Ceramics and Fused Minerals divisions, are promoted to business group heads and join the Executive Committee. In addition, Deputy CEO Christian Schenck, who has voiced the wish to withdraw from his operating responsibilities after 36 years' activity in the Imerys Group, becomes Advisor to the Chairman & CEO.

The breakdown of 2012 revenue by business group and division in the new organization, effective since July 1, 2013, is shown below (non-audited data):



The quarterly financial information for the first nine months of the current year will be published on October 30, 2013 and presented under the new organization. The historical financial data for the past two years (revenue, income, capital employed) will be restated and disclosed on that occasion.



The present *Chapter 2 - First-Half Activity Report 2013* draws on detailed information from the following chapters of the present First-Half Financial Report 2013:

- Related parties                      Chapter 3 - Financial Statements - *Note 24*
- Risks                                      Chapter 3 - Financial Statements - *Note 20.3*

Management considers that assessment of main risks and uncertainties for the last six months of the year 2013 is unchanged with respect to the description provided in chapter 4, section 1 of the 2012 Registration Document.



## FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	06.30.2013	06.30.2012 Restated	2012 Restated
<b>Revenue</b>	4	<b>1,880.7</b>	<b>1,986.2</b>	<b>3,884.8</b>
<b>Current income and expenses</b>		<b>(1,636.7)</b>	<b>(1,720.8)</b>	<b>(3,396.7)</b>
Raw materials and consumables used	5	(651.3)	(697.6)	(1,377.0)
External expenses	6	(495.0)	(513.8)	(1,010.5)
Staff expenses <sup>(1)</sup>	7	(385.5)	(392.7)	(790.8)
Taxes and duties		(25.2)	(26.5)	(51.6)
Amortization, depreciation and impairment losses		(105.5)	(109.6)	(214.7)
Other current income and expenses		23.6	16.3	44.5
Share in net income of joint ventures and associates		2.2	3.1	3.4
<b>Current operating income</b>		<b>244.0</b>	<b>265.4</b>	<b>488.1</b>
<b>Other operating income and expenses</b>	8	<b>(33.4)</b>	<b>(11.9)</b>	<b>(9.4)</b>
Gain or loss from obtaining or losing control		(3.7)	(3.4)	(8.9)
Other non-recurring items		(29.7)	(8.5)	(0.5)
<b>Operating income</b>		<b>210.6</b>	<b>253.5</b>	<b>478.7</b>
<b>Net financial debt expense</b>		<b>(25.4)</b>	<b>(29.2)</b>	<b>(57.2)</b>
Income from securities		0.2	1.4	2.0
Gross financial debt expense		(25.6)	(30.6)	(59.2)
<b>Other financial income and expenses</b>		<b>(2.4)</b>	<b>(10.0)</b>	<b>(11.9)</b>
Other financial income <sup>(1)</sup>		96.9	65.4	124.1
Other financial expenses <sup>(1)</sup>		(99.3)	(75.4)	(136.0)
<b>Financial income (loss)</b>	10	<b>(27.8)</b>	<b>(39.2)</b>	<b>(69.1)</b>
Income taxes <sup>(1)</sup>	11	(53.0)	(55.5)	(116.6)
<b>Net income</b>		<b>129.8</b>	<b>158.8</b>	<b>293.0</b>
Net income, Group share <sup>(2) &amp; (3)</sup>	12	128.7	157.3	291.3
Net income, share of non-controlling interests		1.1	1.5	1.7

(1) After change in accounting policy on employee benefits (Note 2).

(2) Net income per share

Basic net income per share (in €)	13	1.71	2.09	3.88
Diluted net income per share (in €)	13	1.69	2.07	3.84

(3) Net income from current operations, Group share

Basic net income from current operations per share (in €)	13	2.06	2.14	4.00
Diluted net income from current operations per share (in €)	13	2.03	2.12	3.97
Other net operating income and expenses, Group share	8	(26.3)	(3.7)	(9.4)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	06.30.2013	06.30.2012	2012
			Restated	Restated
<b>Net income</b>		<b>129.8</b>	<b>158.8</b>	<b>293.0</b>
<b>Items never reclassified subsequently to profit or loss</b>				
<b>Post-employment employee benefits</b>		<b>96.7</b>	<b>(66.4)</b>	<b>(83.4)</b>
Actuarial gains and (losses), assets limitations and excess of the actual return of assets over their normative return in profit or loss <sup>(1)</sup>		96.7	(66.4)	(83.4)
<b>Income taxes on items never reclassified <sup>(1)</sup></b>	11	<b>(21.9)</b>	<b>16.7</b>	<b>19.2</b>
<b>Other comprehensive income of assets and liabilities held for sale</b>		<b>(0.7)</b>	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>				
<b>Cash flow hedges</b>		<b>(5.6)</b>	<b>7.5</b>	<b>20.9</b>
Recognition in equity	20.2	(5.1)	0.1	6.6
Reclassification in profit or loss	20.2	(0.5)	7.4	14.3
<b>Translation reserve</b>		<b>(74.9)</b>	<b>17.6</b>	<b>(66.5)</b>
Recognition in equity		(75.3)	15.4	(58.3)
Reclassification in profit or loss		0.4	2.2	(8.2)
<b>Income taxes on items that may be reclassified</b>	11	<b>5.0</b>	<b>0.7</b>	<b>(7.9)</b>
<b>Other comprehensive income</b>		<b>(1.4)</b>	<b>(23.9)</b>	<b>(117.7)</b>
<b>Total comprehensive income</b>		<b>128.4</b>	<b>134.9</b>	<b>175.3</b>
Total comprehensive income, Group share		128.6	133.2	174.9
Total comprehensive income, share of non-controlling interests		(0.2)	1.7	0.4

(1) After change in accounting policy on employee benefits (Note 2).

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	06.30.2013	06.30.2012 Restated	2012 Restated	01.01.2012 Restated
<b>Non-current assets</b>		<b>3,300.3</b>	<b>3,251.2</b>	<b>3,202.0</b>	<b>3,199.9</b>
Goodwill	14	1,098.1	1,039.2	1,003.0	1,019.7
Intangible assets	15	65.5	42.9	48.0	37.7
Mining assets	16	459.9	504.3	493.4	502.9
Property, plant and equipment	16	1,456.0	1,384.4	1,408.2	1,384.1
Joint ventures and associates		83.0	84.1	82.9	82.4
Available-for-sale financial assets		4.6	4.8	4.5	4.8
Other financial assets <sup>(1)</sup>		20.3	20.6	20.4	18.5
Other receivables		56.1	77.7	68.0	74.6
Derivative financial assets	20.2	6.4	14.0	9.6	12.7
Deferred tax assets <sup>(1) &amp; (2)</sup>	21	50.4	79.2	64.0	62.5
<b>Current assets</b>		<b>1,808.3</b>	<b>1,758.5</b>	<b>1,619.6</b>	<b>1,746.4</b>
Inventories	18	637.5	676.4	651.1	645.9
Trade receivables		575.2	600.1	513.8	526.9
Other receivables		198.0	140.3	134.3	141.0
Derivative financial assets	20.2	0.9	1.3	2.0	2.0
Other financial assets		65.4	23.3	57.8	6.4
Cash and cash equivalents		331.3	317.1	260.6	424.2
<b>Assets held for sale</b>	22	<b>97.0</b>	-	-	-
<b>Consolidated assets</b>		<b>5,205.6</b>	<b>5,009.7</b>	<b>4,821.6</b>	<b>4,946.3</b>
<b>Equity, Group share</b>		<b>2,260.0</b>	<b>2,191.1</b>	<b>2,237.0</b>	<b>2,166.5</b>
Capital		151.2	150.5	150.7	150.3
Premiums		333.4	322.0	326.2	319.6
Reserves <sup>(1) &amp; (2)</sup>		1,646.7	1,561.3	1,468.8	1,414.6
Net income, Group share <sup>(1)</sup>		128.7	157.3	291.3	282.0
<b>Equity, share of non-controlling interests <sup>(1)</sup></b>		<b>27.6</b>	<b>31.2</b>	<b>24.0</b>	<b>30.8</b>
<b>Equity</b>		<b>2,287.6</b>	<b>2,222.3</b>	<b>2,261.0</b>	<b>2,197.3</b>
<b>Non-current liabilities</b>		<b>1,682.8</b>	<b>1,714.2</b>	<b>1,684.9</b>	<b>1,644.7</b>
Employee benefits liabilities <sup>(1)</sup>	19.1	217.3	303.2	317.4	234.8
Other provisions	19.2	232.3	266.7	246.4	265.2
Loans and financial debts	20.1	1,009.2	1,032.4	1,011.0	1,028.4
Other debts		136.2	11.8	14.8	12.2
Derivative financial liabilities	20.2	1.7	6.7	3.4	9.1
Deferred tax liabilities	21	86.1	93.4	91.9	95.0
<b>Current liabilities</b>		<b>1,191.7</b>	<b>1,073.2</b>	<b>875.7</b>	<b>1,104.3</b>
Other provisions	19.2	17.4	20.3	15.7	19.2
Trade payables		412.6	422.9	375.2	360.0
Income taxes payable		44.8	24.4	21.4	9.7
Other debts		262.1	240.8	272.9	261.7
Derivative financial liabilities	20.2	8.7	9.0	3.7	19.0
Loans and financial debts	20.1	436.1	348.2	167.5	422.0
Bank overdrafts	20.1	10.0	7.6	19.3	12.7
<b>Liabilities related to assets held for sale</b>	22	<b>43.5</b>	-	-	-
<b>Consolidated equity and liabilities</b>		<b>5,205.6</b>	<b>5,009.7</b>	<b>4,821.6</b>	<b>4,946.3</b>

(1) After change in accounting policy on employee benefits (Note 2).

(2) After correction of error on the tax bases of property, plant and equipment in the United States (Note 2).

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions)	Equity, Group share									Equity, share of non-controlling interests	Total
	Reserves							Net income, Group share	Subtotal		
	Capital	Premiums	Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal				
<b>Equity as of January 1, 2012</b>	<b>150.3</b>	<b>319.6</b>	<b>(2.1)</b>	<b>(16.2)</b>	<b>(118.1)</b>	<b>1,564.6</b>	<b>1,428.2</b>	<b>282.0</b>	<b>2,180.1</b>	<b>30.8</b>	<b>2,210.9</b>
Correction of error <sup>(1)</sup>	-	-	-	-	-	(11.3)	(11.3)	-	(11.3)	-	(11.3)
Change in accounting policy <sup>(2)</sup>	-	-	-	-	-	(2.3)	(2.3)	-	(2.3)	-	(2.3)
<b>Equity as of January 1, 2012 after correction of error and change in accounting policy</b>	<b>150.3</b>	<b>319.6</b>	<b>(2.1)</b>	<b>(16.2)</b>	<b>(118.1)</b>	<b>1,551.0</b>	<b>1,414.6</b>	<b>282.0</b>	<b>2,166.5</b>	<b>30.8</b>	<b>2,197.3</b>
<b>Total comprehensive income</b>	-	-	-	<b>4.9</b>	<b>20.5</b>	<b>(49.5)</b>	<b>(24.1)</b>	<b>157.3</b>	<b>133.2</b>	<b>1.7</b>	<b>134.9</b>
<b>Transactions with shareholders</b>	<b>0.2</b>	<b>2.4</b>	<b>(0.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>171.2</b>	<b>170.8</b>	<b>(282.0)</b>	<b>(108.6)</b>	<b>(1.3)</b>	<b>(109.9)</b>
Allocation of 2011 net income	-	-	-	-	-	282.0	282.0	(282.0)	0.0	-	0.0
Dividend (€1.50 per share)	-	-	-	-	-	(112.8)	(112.8)	-	(112.8)	(0.5)	(113.3)
Capital increases	0.2	2.4	-	-	-	-	0.0	-	2.6	0.9	3.5
Transactions on treasury shares	-	-	(0.4)	-	-	-	(0.4)	-	(0.4)	-	(0.4)
Share-based payments	-	-	-	-	-	4.5	4.5	-	4.5	-	4.5
Transactions with non-controlling interests	-	-	-	-	-	(2.5)	(2.5)	-	(2.5)	(1.7)	(4.2)
<b>Equity as of June 30, 2012</b>	<b>150.5</b>	<b>322.0</b>	<b>(2.5)</b>	<b>(11.3)</b>	<b>(97.6)</b>	<b>1,672.7</b>	<b>1,561.3</b>	<b>157.3</b>	<b>2,191.1</b>	<b>31.2</b>	<b>2,222.3</b>
<b>Total comprehensive income</b>	-	-	-	<b>8.8</b>	<b>(86.4)</b>	<b>(14.7)</b>	<b>(92.3)</b>	<b>134.0</b>	<b>41.7</b>	<b>(1.3)</b>	<b>40.4</b>
<b>Transactions with shareholders</b>	<b>0.2</b>	<b>4.2</b>	<b>(4.5)</b>	-	-	<b>4.3</b>	<b>(0.2)</b>	-	<b>4.2</b>	<b>(5.9)</b>	<b>(1.7)</b>
Dividend	-	-	-	-	-	-	0.0	-	0.0	(1.6)	(1.6)
Capital increases	0.2	4.2	-	-	-	-	0.0	-	4.4	-	4.4
Transactions on treasury shares	-	-	(4.5)	-	-	(2.2)	(6.7)	-	(6.7)	-	(6.7)
Share-based payments	-	-	-	-	-	4.4	4.4	-	4.4	-	4.4
Transactions with non-controlling interests	-	-	-	-	-	2.1	2.1	-	2.1	(4.3)	(2.2)
<b>Equity as of December 31, 2012</b>	<b>150.7</b>	<b>326.2</b>	<b>(7.0)</b>	<b>(2.5)</b>	<b>(184.0)</b>	<b>1,662.3</b>	<b>1,468.8</b>	<b>291.3</b>	<b>2,237.0</b>	<b>24.0</b>	<b>2,261.0</b>
<b>Total comprehensive income</b>	-	-	-	<b>(3.7)</b>	<b>(70.4)</b>	<b>74.0</b>	<b>(0.1)</b>	<b>128.7</b>	<b>128.6</b>	<b>(0.2)</b>	<b>128.4</b>
<b>Transactions with shareholders</b>	<b>0.5</b>	<b>7.2</b>	<b>1.9</b>	-	-	<b>176.1</b>	<b>178.0</b>	<b>(291.3)</b>	<b>(105.6)</b>	<b>3.8</b>	<b>(101.8)</b>
Allocation of 2012 net income	-	-	-	-	-	291.3	291.3	(291.3)	0.0	-	0.0
Dividend (€1.55 per share)	-	-	-	-	-	(116.9)	(116.9)	-	(116.9)	(0.6)	(117.5)
Capital increases	0.5	7.2	-	-	-	-	0.0	-	7.7	2.6	10.3
Capital decreases	-	-	-	-	-	-	0.0	-	0.0	-	0.0
Transactions on treasury shares	-	-	1.9	-	-	(2.8)	(0.9)	-	(0.9)	-	(0.9)
Share-based payments	-	-	-	-	-	4.2	4.2	-	4.2	-	4.2
Transactions with non-controlling interests	-	-	-	-	-	0.3	0.3	-	0.3	1.8	2.1
<b>Equity as of June 30, 2013</b>	<b>151.2</b>	<b>333.4</b>	<b>(5.1)</b>	<b>(6.2)</b>	<b>(254.4)</b>	<b>1,912.4</b>	<b>1,646.7</b>	<b>128.7</b>	<b>2,260.0</b>	<b>27.6</b>	<b>2,287.6</b>

(1) After correction of error on the tax bases of property, plant and equipment in the United States (Note 2).

(2) After change in accounting policy on employee benefits (Note 2).

## CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	06.30.2013	06.30.2012	2012
			Restated	Restated
<b>Cash flow from operating activities</b>		<b>180.9</b>	<b>210.9</b>	<b>474.5</b>
Cash flow generated by current operations <sup>(1)</sup>	Appendix 1	311.2	293.5	663.9
Interests paid		(46.0)	(49.3)	(59.9)
Income taxes on current operating income and financial income (loss)		(62.5)	(28.9)	(74.2)
Dividends received from available-for-sale financial assets		0.2	-	(0.6)
Cash flow generated by other operating income and expenses	Appendix 2	(22.0)	(4.4)	(54.7)
<b>Cash flow from investing activities</b>		<b>(242.4)</b>	<b>(125.8)</b>	<b>(211.2)</b>
Acquisitions of intangible assets and property, plant and equipment	Appendix 3	(119.5)	(116.1)	(257.0)
Acquisitions of investments in consolidated entities after deduction of cash acquired		(127.0)	(13.0)	(38.9)
Disposals of intangible assets and property, plant and equipment	Appendix 3	5.2	7.0	86.2
Disposals of investments in consolidated entities after deduction of cash disposed of		0.5	-	-
Disposals of available-for-sale financial assets		-	-	0.2
Net change in financial assets		(1.7)	(4.7)	(3.2)
Paid-in interests		0.1	1.0	1.5
<b>Cash flow from financing activities</b>		<b>149.6</b>	<b>(191.1)</b>	<b>(430.5)</b>
Capital increases		10.3	3.5	7.9
Disposals (acquisitions) of treasury shares		(0.9)	(0.4)	(7.1)
Dividends paid to shareholders		(116.9)	(112.8)	(112.8)
Dividends paid to non-controlling interests		(0.6)	(0.5)	(1.3)
Acquisitions of investments in consolidated entities from non-controlling interests		(3.6)	(4.2)	(4.7)
Loan issues		194.9	4.0	1.0
Loan repayments		(23.8)	(77.5)	(280.3)
Net change in other debts		90.2	(3.2)	(33.2)
<b>Change in cash and cash equivalents</b>		<b>88.1</b>	<b>(106.0)</b>	<b>(167.2)</b>

(€ millions)	06.30.2013	06.30.2012	2012
<b>Opening cash and cash equivalents</b>	<b>241.3</b>	<b>411.5</b>	<b>411.5</b>
Change in cash and cash equivalents	88.1	(106.0)	(167.2)
Impact of changes due to exchange rate fluctuations	(8.1)	4.0	(3.0)
<b>Closing cash and cash equivalents</b>	<b>321.3</b>	<b>309.5</b>	<b>241.3</b>
Cash <sup>(2)</sup>	219.1	237.5	200.5
Cash equivalents <sup>(3)</sup>	112.2	79.6	60.1
Bank overdrafts	(10.0)	(7.6)	(19.3)

(1) After change in accounting policy on employee benefits (Note 2).

(2) As of June 30, 2012, cash comprises a balance of €6.6 million not available for Imerys SA and its subsidiaries (€3.6 million as of June 30, 2012 and €6.9 million as of December 31, 2012), of which €1.5 million with respect to foreign exchange control legislations (€1.1 million as of June 30, 2012 and €1.8 million as of December 31, 2012) and €5.1 million with respect to statutory requirements (€2.5 million as of June 30, 2012 and €5.1 million as of December 31, 2012).

(3) Cash equivalents are investments with a maturity below three months from their acquisition date, indexed on a monetary market rate and that may be disposed of at any time.

## Appendix 1: cash flow generated by current operations

(€ millions)	Notes	06.30.2013	06.30.2012	2012
			Restated	Restated
<b>Net income <sup>(1)</sup></b>		<b>129.8</b>	<b>158.8</b>	<b>293.0</b>
<b>Adjustments <sup>(1)</sup></b>		<b>207.3</b>	<b>185.3</b>	<b>355.9</b>
Income taxes <sup>(1)</sup>	11	53.0	55.5	116.6
Share in net income of joint ventures and associates		(2.2)	(3.1)	(3.4)
Dividends received from joint ventures and associates		1.2	1.9	2.5
Impairment losses on goodwill	8 & 14	-	1.1	31.2
Share in net income of associates out of the recurring business		-	-	1.9
Other operating income and expenses excluding impairment losses on goodwill		33.4	10.8	(23.7)
Net operating amortization and depreciation	Appendix 3	105.4	109.5	214.3
Net operating impairment losses on assets		(3.8)	(6.4)	(7.6)
Net operating provisions <sup>(1)</sup>		(1.6)	(7.1)	(20.5)
Dividends receivable from available-for-sale financial assets		(0.2)	-	(0.1)
Net interest income and expenses		24.8	29.1	56.7
Share-based payments expense		4.2	4.5	8.9
Change in fair value of hedge instruments		(5.8)	(6.2)	(5.5)
Income from current disposals of intangible assets and property, plant and equipment		(1.1)	(4.3)	(15.4)
<b>Change in the working capital requirement</b>		<b>(25.9)</b>	<b>(50.6)</b>	<b>15.0</b>
Inventories		(1.5)	(24.8)	(10.7)
Trade accounts receivable, advances and down payments received		(70.5)	(68.1)	12.9
Trade accounts payable, advances and down payments paid		48.5	56.4	13.1
Other receivables and debts		(2.4)	(14.1)	(0.3)
<b>Cash flow generated by current operations</b>		<b>311.2</b>	<b>293.5</b>	<b>663.9</b>

*(1) After change in accounting policy on employee benefits (Note 2).*

## Appendix 2: cash flow generated by other operating income and expenses

(€ millions)	Notes	06.30.2013	06.30.2012	2012
<b>Other operating income and expenses</b>	8	<b>(33.4)</b>	<b>(11.9)</b>	<b>(9.4)</b>
<b>Adjustments</b>		<b>11.4</b>	<b>7.5</b>	<b>(45.3)</b>
Impairment losses on goodwill	8 & 14	-	1.1	31.2
Other net operating amortization and depreciation	Appendix 3	1.8	(1.8)	5.0
Other net operating provisions	8	4.4	1.0	(13.1)
Income from non-recurring disposals of intangible assets and property, plant and equipment	8	-	4.3	(64.5)
Income from disposals of consolidated investments and available-for-sale financial assets	8	0.8	0.1	-
Share in net income of associates out of the recurring business		-	-	1.9
Income taxes paid on other operating income and expenses		4.4	2.8	(5.8)
<b>Cash flow generated by other operating income and expenses</b>		<b>(22.0)</b>	<b>(4.4)</b>	<b>(54.7)</b>



**Appendix 3: table of indirect references to the notes**

(€ millions)	Notes	06.30.2013	06.30.2012	2012
<b>Consolidated statement of cash flows</b>				
Acquisitions of intangible assets and property, plant and equipment		(119.5)	(116.1)	(257.0)
Intangible assets	15	(3.9)	(4.9)	(12.4)
Property, plant and equipment	16	(93.2)	(92.8)	(254.0)
Neutralization of activated restoration provisions	20.1	(0.3)	(0.1)	(0.2)
Neutralization of finance lease acquisitions		-	-	0.1
Change in payables on acquisitions of intangible assets and property, plant and equipment		(22.1)	(18.3)	9.5
Disposals of intangible assets and property, plant and equipment		5.2	7.0	86.2
Property, plant and equipment	16	5.0	2.1	7.5
Intangible assets and property, plant and equipment disposed of as part of a business disposal		(1.0)	-	-
Income on asset disposals		1.1	4.4	15.4
Income on non-recurring asset disposals	8	-	-	64.5
Change in receivables on disposals of intangible assets and property, plant and equipment		0.1	0.5	(1.2)
<b>Appendix 1</b>				
Net operating amortization and depreciation		105.4	109.5	214.3
Increases in amortization - intangible assets	15	2.9	2.7	5.6
Increases in depreciation - property, plant and equipment	16	104.5	108.5	212.4
Amortization and depreciation reversals - intangible assets and property, plant and equipment		(1.9)	(1.6)	(3.3)
Neutralization of finance leases depreciation		(0.1)	(0.1)	(0.4)
<b>Appendix 2</b>				
Other net operating amortization and depreciation		1.8	(1.8)	5.0
Impairment losses - intangible assets	15	0.1	0.1	0.5
Impairment losses - property, plant and equipment	16	2.2	(1.6)	-
Reversal of impairment losses - property, plant and equipment	16	(0.5)	(0.3)	4.5

## INFORMATION BY SEGMENTS

The reported segments correspond to the four business groups of Imerys: Minerals for Ceramics, Refractories, Abrasives & Foundry (CRAF); Performance & Filtration Minerals (PFM); Pigments for Paper & Packaging (PPP) and Materials & Monolithics (M&M). Each of these segments is engaged in the production and rendering of related goods and services presenting geological, industrial and commercial synergies and results from the aggregation of the Cash-Generating Units (*Note 4.13*) followed each month by the Executive Management in its business reporting. The Executive Management considers that the holding structures dedicated to the centralized financing of the Group are no segments. Their aggregates are thus presented in a reconciliation column with inter-segment eliminations (IS&H).

### Consolidated income statement

Revenue from transactions of Imerys with each of its external customers never exceeds a threshold of 10.0% of the Group's revenue.

#### As of June 31, 2013

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
<b>External revenue</b>	<b>558.2</b>	<b>457.8</b>	<b>409.3</b>	<b>444.7</b>	<b>10.7</b>	<b>1,880.7</b>
Sales of goods	517.8	405.4	352.9	359.3	8.1	1,643.5
Rendering of services	40.4	52.4	56.4	85.4	2.6	237.2
<b>Inter-segment revenue</b>	<b>12.9</b>	<b>6.0</b>	<b>3.8</b>	<b>0.1</b>	<b>(22.8)</b>	<b>0.0</b>
<b>Revenue</b>	<b>571.1</b>	<b>463.8</b>	<b>413.1</b>	<b>444.8</b>	<b>(12.1)</b>	<b>1,880.7</b>
<b>Current operating income</b>	<b>58.1</b>	<b>73.9</b>	<b>41.7</b>	<b>91.2</b>	<b>(20.9)</b>	<b>244.0</b>
of which share in net income of joint ventures and associates	0.3	-	1.8	0.1	-	2.2
of which amortization, depreciation and impairment losses	(30.2)	(26.7)	(33.8)	(13.2)	(1.6)	(105.5)
<b>Operating income</b>	<b>35.7</b>	<b>72.4</b>	<b>34.1</b>	<b>85.2</b>	<b>(16.8)</b>	<b>210.6</b>
<b>Financial income (loss)</b>	<b>(5.3)</b>	<b>(1.4)</b>	<b>(0.3)</b>	<b>(1.7)</b>	<b>(19.1)</b>	<b>(27.8)</b>
Interest income	0.2	-	(0.2)	0.1	0.1	0.2
Interest expenses	(0.4)	(0.1)	(0.4)	(0.3)	(23.9)	(25.1)
<b>Income taxes</b>	<b>(10.3)</b>	<b>(14.0)</b>	<b>(7.8)</b>	<b>(27.9)</b>	<b>7.0</b>	<b>(53.0)</b>
<b>Net income</b>	<b>20.1</b>	<b>57.0</b>	<b>26.0</b>	<b>55.6</b>	<b>(28.9)</b>	<b>129.8</b>

#### As of June 30, 2012 (restated)

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
<b>External revenue</b>	<b>604.8</b>	<b>448.4</b>	<b>427.8</b>	<b>509.0</b>	<b>(3.8)</b>	<b>1,986.2</b>
Sales of goods	564.0	396.1	363.4	410.4	(3.9)	1,730.0
Rendering of services	40.8	52.3	64.4	98.6	0.1	256.2
<b>Inter-segment revenue</b>	<b>16.2</b>	<b>6.6</b>	<b>1.7</b>	<b>0.1</b>	<b>(24.6)</b>	<b>0.0</b>
<b>Revenue</b>	<b>621.0</b>	<b>455.0</b>	<b>429.5</b>	<b>509.1</b>	<b>(28.4)</b>	<b>1,986.2</b>
<b>Current operating income <sup>(1)</sup></b>	<b>81.6</b>	<b>60.7</b>	<b>42.5</b>	<b>105.1</b>	<b>(24.5)</b>	<b>265.4</b>
of which share in net income of joint ventures and associates	0.9	(0.1)	2.0	0.3	-	3.1
of which amortization, depreciation and impairment losses	(30.0)	(27.3)	(35.7)	(15.8)	(0.8)	(109.6)
<b>Operating income <sup>(1)</sup></b>	<b>78.1</b>	<b>58.0</b>	<b>42.3</b>	<b>101.4</b>	<b>(26.3)</b>	<b>253.5</b>
<b>Financial income (loss) <sup>(1)</sup></b>	<b>(2.0)</b>	<b>(2.6)</b>	<b>1.7</b>	<b>0.2</b>	<b>(36.5)</b>	<b>(39.2)</b>
Interest income	0.2	0.2	0.5	0.0	0.5	1.4
Interest expenses	(1.3)	(0.2)	(0.3)	(0.6)	(27.9)	(30.3)
<b>Income taxes <sup>(1)</sup></b>	<b>(22.6)</b>	<b>(6.6)</b>	<b>(3.0)</b>	<b>(36.6)</b>	<b>13.3</b>	<b>(55.5)</b>
<b>Net income</b>	<b>53.5</b>	<b>48.8</b>	<b>41.0</b>	<b>65.0</b>	<b>(49.5)</b>	<b>158.8</b>

(1) After change in accounting policy on employee benefits (Note 2).

**As of December 31, 2012 (restated)**

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
<b>External revenue</b>	<b>1,175.1</b>	<b>886.4</b>	<b>861.0</b>	<b>969.2</b>	<b>(6.9)</b>	<b>3,884.8</b>
Sales of goods	1,095.7	783.3	740.6	781.0	(7.0)	3,393.6
Rendering of services	79.4	103.1	120.4	188.2	0.1	491.2
<b>Inter-segment revenue</b>	<b>31.3</b>	<b>13.9</b>	<b>(1.6)</b>	<b>0.1</b>	<b>(43.7)</b>	<b>0.0</b>
<b>Revenue</b>	<b>1,206.4</b>	<b>900.3</b>	<b>859.4</b>	<b>969.3</b>	<b>(50.6)</b>	<b>3,884.8</b>
<b>Current operating income <sup>(1)</sup></b>	<b>149.7</b>	<b>111.3</b>	<b>84.8</b>	<b>192.5</b>	<b>(50.2)</b>	<b>488.1</b>
of which share in net income of joint ventures and associates	(0.9)	(0.3)	3.8	0.8	-	3.4
of which amortization, depreciation and impairment losses	(57.4)	(56.7)	(69.3)	(29.2)	(2.2)	(214.7)
<b>Operating income <sup>(1)</sup></b>	<b>104.9</b>	<b>99.8</b>	<b>141.3</b>	<b>188.4</b>	<b>(55.7)</b>	<b>478.7</b>
<b>Financial income (loss) <sup>(1)</sup></b>	<b>(8.2)</b>	<b>(8.3)</b>	<b>6.5</b>	<b>(0.4)</b>	<b>(58.7)</b>	<b>(69.1)</b>
Interest income	0.7	0.1	0.7	0.1	0.4	2.1
Interest expenses	(2.0)	(0.4)	(0.5)	(0.9)	(54.6)	(58.4)
<b>Income taxes <sup>(1)</sup></b>	<b>(33.7)</b>	<b>(20.5)</b>	<b>(31.8)</b>	<b>(64.4)</b>	<b>33.8</b>	<b>(116.6)</b>
<b>Net income</b>	<b>63.0</b>	<b>71.0</b>	<b>116.0</b>	<b>123.6</b>	<b>(80.6)</b>	<b>293.0</b>

(1) After change in accounting policy on employee benefits (Note 2).

**Consolidated statement of financial position****As of June 30, 2013**

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
<b>Capital employed - Assets</b>	<b>1,772.9</b>	<b>1,088.1</b>	<b>1,040.1</b>	<b>656.0</b>	<b>72.7</b>	<b>4,629.8</b>
Goodwill <sup>(1)</sup>	513.2	233.6	149.9	190.6	10.8	1,098.1
Intangible assets and property, plant and equipment <sup>(2)</sup>	653.1	507.0	581.2	202.8	37.3	1,981.4
Inventories	293.0	112.5	115.2	112.9	3.9	637.5
Trade receivables	209.9	149.3	103.3	115.9	(3.2)	575.2
Other receivables - non-current and current	72.2	85.0	50.3	25.8	21.3	254.6
Joint ventures and associates	31.5	0.7	40.2	8.0	2.6	83.0
<b>Unallocated assets</b>						<b>575.8</b>
<b>Total assets</b>						<b>5,205.6</b>
<b>Capital employed - Liabilities</b>	<b>218.7</b>	<b>207.8</b>	<b>137.9</b>	<b>174.2</b>	<b>117.5</b>	<b>856.1</b>
Trade payables	141.1	99.3	89.0	101.9	(18.5)	412.8
Other debts - non-current and current	67.9	91.6	43.9	67.7	127.4	398.5
Income taxes payable	9.7	16.9	5.0	4.6	8.6	44.8
<b>Provisions</b>	<b>126.5</b>	<b>185.8</b>	<b>104.6</b>	<b>82.1</b>	<b>(32.0)</b>	<b>467.0</b>
<b>Unallocated liabilities</b>						<b>1,551.4</b>
<b>Total non-current and current liabilities</b>						<b>2,874.5</b>
<b>Total capital employed</b>	<b>1,554.2</b>	<b>880.3</b>	<b>902.2</b>	<b>481.8</b>	<b>(44.8)</b>	<b>3,773.7</b>

(1) Increases in goodwill 98.3 0.7 0.2 9.5 (0.1) 108.6

(2) Acquisitions of intangible assets and property, plant and equipment 48.3 22.9 33.7 10.2 4.4 119.5

### As of June 30, 2012 (restated)

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
<b>Capital employed - Assets</b>	<b>1,534.0</b>	<b>1,076.9</b>	<b>1,170.0</b>	<b>773.9</b>	<b>(5.0)</b>	<b>4,549.8</b>
Goodwill <sup>(1)</sup>	454.5	233.3	162.9	187.7	0.8	1,039.2
Intangible assets and property, plant and equipment <sup>(2)</sup>	450.4	539.8	632.6	294.4	14.4	1,931.6
Inventories	315.4	113.2	119.5	128.3	-	676.4
Trade receivables	215.7	150.2	114.8	127.3	(7.9)	600.1
Other receivables - non-current and current	63.8	37.7	103.4	28.8	(15.3)	218.4
Joint ventures and associates	34.2	2.7	36.8	7.4	3.0	84.1
<b>Unallocated assets <sup>(3) &amp; (4)</sup></b>						<b>459.9</b>
<b>Total assets</b>						<b>5,009.7</b>
<b>Capital employed - Liabilities</b>	<b>221.6</b>	<b>153.3</b>	<b>151.4</b>	<b>212.7</b>	<b>(39.3)</b>	<b>699.7</b>
Trade payables	142.7	86.9	86.7	124.0	(17.4)	422.9
Other debts - non-current and current	57.0	57.0	55.8	81.9	0.7	252.4
Income taxes payable	21.9	9.4	8.9	6.8	(22.6)	24.4
<b>Provisions <sup>(4)</sup></b>	<b>123.0</b>	<b>205.1</b>	<b>123.5</b>	<b>93.3</b>	<b>45.3</b>	<b>590.2</b>
<b>Unallocated liabilities <sup>(3)</sup></b>						<b>1,497.5</b>
<b>Total non-current and current liabilities</b>						<b>2,787.4</b>
<b>Total capital employed</b>	<b>1,312.4</b>	<b>923.6</b>	<b>1,018.6</b>	<b>561.2</b>	<b>34.3</b>	<b>3,850.1</b>

(1) Increases in goodwill - 8.6, 1.3, - - 9.9

(2) Acquisitions of intangible assets and property, plant and equipment 46.3, 16.9, 37.2, 10.9, 4.8 116.1

(3) After correction of error on the tax bases of property, plant and equipment in the United States (Note 2).

(4) After change in accounting policy on employee benefits (Note 2).

### As of December 31, 2012 (restated)

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
<b>Capital employed - Assets</b>	<b>1,460.3</b>	<b>1,044.4</b>	<b>1,118.1</b>	<b>731.8</b>	<b>47.8</b>	<b>4,402.4</b>
Goodwill <sup>(1)</sup>	416.9	231.4	157.3	185.9	11.5	1,003.0
Intangible assets and property, plant and equipment <sup>(2)</sup>	472.5	525.6	620.2	292.3	39.0	1,949.6
Inventories	297.9	115.5	115.7	117.8	4.2	651.1
Trade receivables	181.2	128.4	107.4	101.0	(4.2)	513.8
Other receivables - non-current and current	59.8	42.9	77.9	26.9	(5.5)	202.0
Joint ventures and associates	32.0	0.6	39.6	7.9	2.8	82.9
<b>Unallocated assets <sup>(3) &amp; (4)</sup></b>						<b>419.2</b>
<b>Total assets</b>						<b>4,821.6</b>
<b>Capital employed - Liabilities</b>	<b>192.2</b>	<b>165.5</b>	<b>142.0</b>	<b>192.8</b>	<b>(8.9)</b>	<b>683.6</b>
Trade payables	131.8	76.9	72.7	108.7	(14.9)	375.2
Other debts - non-current and current	52.6	80.7	56.9	78.4	18.4	287.0
Income taxes payable	7.8	7.9	12.4	5.7	(12.4)	21.4
<b>Provisions <sup>(4)</sup></b>	<b>123.5</b>	<b>196.6</b>	<b>114.8</b>	<b>87.5</b>	<b>57.1</b>	<b>579.5</b>
<b>Unallocated liabilities <sup>(3)</sup></b>						<b>1,297.5</b>
<b>Total non-current and current liabilities</b>						<b>2,560.6</b>
<b>Total capital employed</b>	<b>1,268.1</b>	<b>878.9</b>	<b>976.1</b>	<b>539.0</b>	<b>56.7</b>	<b>3,718.8</b>

(1) Increases in goodwill 0.4, 12.1, 1.4, - 10.8 24.7

(2) Acquisitions of intangible assets and property, plant and equipment 106.4, 42.9, 77.9, 20.6, 9.2 257.0

(3) After correction of error on the tax bases of property, plant and equipment in the United States (Note 2).

(4) After change in accounting policy on employee benefits (Note 2).

**As of January 1, 2012 (restated)**

(€ millions)	CRAF	PFM	PPP	M&M	IS&H	Total
<b>Capital employed - Assets</b>	<b>1,443.8</b>	<b>1,052.7</b>	<b>1,166.4</b>	<b>748.8</b>	<b>3.5</b>	<b>4,415.2</b>
Goodwill	448.4	221.9	161.5	187.1	0.8	1,019.7
Intangible assets and property, plant and equipment	431.8	536.0	642.8	304.0	10.1	1,924.7
Inventories	292.2	120.7	113.4	119.6	-	645.9
Trade receivables	184.1	137.6	104.4	107.7	(6.9)	526.9
Other receivables - non-current and current	54.4	33.7	108.0	22.9	(3.4)	215.6
Joint ventures and associates	32.9	2.8	36.3	7.5	2.9	82.4
<b>Unallocated assets <sup>(1) &amp; (2)</sup></b>						<b>531.1</b>
<b>Total assets</b>						<b>4,946.3</b>
<b>Capital employed - Liabilities</b>	<b>207.5</b>	<b>139.6</b>	<b>134.1</b>	<b>202.1</b>	<b>(39.7)</b>	<b>643.6</b>
Trade payables	123.2	76.9	75.6	103.5	(19.2)	360.0
Other debts - non-current and current	67.7	56.3	63.8	94.7	(8.6)	273.9
Income taxes payable	16.6	6.4	(5.3)	3.9	(11.9)	9.7
<b>Provisions <sup>(2)</sup></b>	<b>112.3</b>	<b>186.6</b>	<b>123.7</b>	<b>85.0</b>	<b>11.6</b>	<b>519.2</b>
<b>Unallocated liabilities <sup>(1)</sup></b>						<b>1,586.2</b>
<b>Total non-current and current liabilities</b>						<b>2,749.0</b>
<b>Total capital employed</b>	<b>1,236.3</b>	<b>913.1</b>	<b>1,032.3</b>	<b>546.7</b>	<b>43.2</b>	<b>3,771.6</b>

(1) After correction of error on the tax bases of property, plant and equipment in the United States (Note 2).

(2) After change in accounting policy on employee benefits (Note 2).

**Information by geographical location**

The following table presents revenue by geographical location of the businesses of the Group:

(€ millions)	06.30.2013	06.30.2012	2012
France	371.6	391.7	751.2
Other European countries	702.1	736.3	1,429.6
North America	476.1	490.7	972.9
Asia - Oceania	242.8	273.7	545.5
Other countries	88.1	93.8	185.6
<b>Revenue by geographical location of the businesses of the Group</b>	<b>1,880.7</b>	<b>1,986.2</b>	<b>3,884.8</b>

The following table presents revenue by geographical location of the customers:

(€ millions)	06.30.2013	06.30.2012	2012
France	293.0	321.5	614.5
Other European countries	695.0	723.9	1,401.6
North America	445.4	449.4	891.5
Asia - Oceania	301.2	339.2	673.1
Other countries	146.1	152.2	304.1
<b>Revenue by geographical location of the customers</b>	<b>1,880.7</b>	<b>1,986.2</b>	<b>3,884.8</b>

The following table presents the carrying amount of goodwill and intangible assets and property, plant and equipment by geographical zone.

#### As of June 30, 2013

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	212.7	281.2	493.9
Other European countries	340.0	447.4	787.4
North America	254.5	732.1	986.6
Asia - Oceania	218.1	166.9	385.0
Other countries	72.8	353.8	426.6
<b>Total</b>	<b>1,098.1</b>	<b>1,981.4</b>	<b>3,079.5</b>

#### As of June 30, 2012

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	237.3	370.5	607.8
Other European countries	336.7	421.6	758.3
North America	138.2	574.7	712.9
Asia - Oceania	245.5	182.0	427.5
Other countries	81.5	382.8	464.3
<b>Total</b>	<b>1,039.2</b>	<b>1,931.6</b>	<b>2,970.8</b>

#### As of December 31, 2012

(€ millions)	Goodwill	Intangible assets and property, plant and equipment	Total
France	239.1	373.6	612.7
Other European countries	345.4	459.5	804.9
North America	131.9	560.4	692.3
Asia - Oceania	209.0	178.9	387.9
Other countries	77.6	377.2	454.8
<b>Total</b>	<b>1,003.0</b>	<b>1,949.6</b>	<b>2,952.6</b>

## NOTES TO THE FINANCIAL STATEMENTS

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### ■ ACCOUNTING PRINCIPLES AND POLICIES

#### Note 1 Accounting principles

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The June 30, 2013 1<sup>st</sup> half financial statements are intended to provide an update on the complete set of annual financial statements as of December 31, 2012 compliant with IFRSs adopted within the European Union (hereafter "the Referential"). They are established in a condensed form in compliance with IAS 34 (interim financial information) and do not include all disclosures for a complete set of financial statements as published for the annual closing. They shall thus be reviewed in relation with the Group annual financial statements published as of December 31, 2012. The adoption process within the European Union may create temporary time-lags at the closing date between the Referential and IFRSs. Thus, standards IFRS 10, 11 and 12 applicable as of January 1, 2013 in IFRS are mandatorily applicable as of January 1, 2014 within the European Union. However, since Imerys has elected anticipated application of these three standards as of June 30, 2013 (*Note 2.1*), there is for the Group no difference at that date between the Referential and IFRSs. The financial statements have been closed on July 29, 2013 by the Board of Directors of Imerys SA, the Parent Company of the Group.

#### Note 2 Changes in accounting policies, errors and estimates

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##### 2.1 Mandatory changes in accounting policies

###### Anticipated application

Standards IFRS 10, 11 and 12 applicable as of January 1, 2013 in IFRS are mandatorily applicable as of January 1, 2014 within the European Union. Imerys elects to apply these three standards as of January 1, 2013, in accordance with the IASB agenda.

**IFRS 10, Consolidated Financial Statements.** This retrospectively applicable standard replaces standard IAS 27, Consolidated and Separate Financial Statements and interpretation SIC 12, Consolidation - Special Purpose Entities and confirms control as the basis for the scope of consolidation according to three components: power, exposure to the variability of returns and capacity to exercise that power to have an influence on these returns. This new standard has no impact on the scope of consolidation. IAS 27, revised correlatively with the publication of IFRS 10, only addresses separate financial statements and is thus no longer applicable within the Group.

**IFRS 11, Joint Arrangements.** This retrospectively applicable standard replaces standard IAS 31, Interests in Joint Ventures and interpretation SIC 13, Jointly Controlled Entities - Non-Monetary Contributions by Venturers and suppresses the current option provided by IAS 31 to recognize jointly controlled businesses either under the proportionate integration method, or under the equity method. In the new standard, only the equity method is allowed. IAS 28 is revised correlatively with the publication of IFRS 11. These new rules have no impact at Imerys where the proportionate integration method is not used.

**IFRS 12, Disclosure of Interests in Other Entities.** This standard is intended to improve the disclosures on the entities over which the Group exercises control, joint control or significant influence.

In 2012, the Group had applied by anticipation no standard, interpretation or amendment.

## Application upon effective date

**Amendments to IAS 19, Employee Benefits.** These retrospectively applicable amendments bring three main changes to the recognition of post-employment employee benefits: immediate recognition of the entire actuarial differences in equity with no subsequent reclassification in profit or loss; immediate recognition in profit or loss, upon amendment of a plan, of the entire past service cost; and suppression of the notion of expected return on plan assets in profit or loss, replaced by a normative return whose rate is equal, irrespective of the investment strategy, to the discount rate of the obligation, the excess of the actual return over this normative return being immediately credited in equity with no subsequent reclassification in profit or loss. Only by the two last changes are relevant to Imerys, the entire actuarial differences of post-employment employee benefits being immediately recognized in equity in accordance with the voluntary change in accounting policy performed as of January 1, 2010. The impact of the change in accounting policy on the consolidated equity is presented hereafter. Debit adjustments are negative and credit adjustments are positive.

(€ millions)	Notes	06.30.2013	06.30.2012	2012	01.01.2012
<b>Income statement</b>		<b>(4.8)</b>	<b>(4.6)</b>	<b>(9.5)</b>	-
Staff expenses	7	(1.1)	(0.8)	(2.1)	-
Other financial income	10	(5.2)	(5.2)	(10.3)	-
Income taxes	11	1.5	1.4	2.9	-
<b>Statement of comprehensive income</b>		<b>18.9</b>	<b>5.6</b>	<b>12.5</b>	<b>0.0</b>
Actuarial gains and (losses), assets limitations and excess of the actual return of assets over their normative return in profit or loss		18.9	5.6	12.5	-
<b>Other reserves</b>		<b>(16.4)</b>	<b>(3.6)</b>	<b>(5.4)</b>	<b>(2.3)</b>
<b>Statement of changes in equity</b>		<b>(2.3)</b>	<b>(2.6)</b>	<b>(2.4)</b>	<b>(2.3)</b>

The impact of the change in accounting policy on the statement of financial position is presented hereafter. Debit adjustments are negative and credit adjustments are positive.

(€ millions)	Notes	06.30.2013	06.30.2012	2012	01.01.2012
Other financial assets	19	-	1.2	-	-
Deferred tax assets	20	(1.0)	(1.2)	(1.0)	(1.2)
Provisions for employee benefits	22	3.3	2.6	3.4	3.5
<b>Statement of financial position</b>		<b>2.3</b>	<b>2.6</b>	<b>2.4</b>	<b>2.3</b>

**IFRS 13, Fair Value Measurement.** This standard defines fair value as the exit price of an asset or liability and imposes the methodology applicable to its determination as well as disclosures. IFRS 13 does not define the circumstances under which the use of fair value is required, this remaining provided by the applicable standards.

**IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine.** This prospectively applicable interpretation clarifies the modes of recognition, measurement and presentation of overburden assets, i.e. of the accesses to a surface mine created by the removal of the top soil. This interpretation, that confirms the methods previously defined by the Executive Management in the absence of any applicable standard or interpretation, thus has no impact on the Group financial statements.

At last, the following amendments do not apply to the transactions, events or conditions existing within the Group or to an immaterial extent: Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards: Government Loans; Amendments to IFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities; Amendments to IAS 32: Disclosures - Offsetting Financial Assets and Financial Liabilities.

In 2012, Imerys did not have to perform any mandatory change in accounting policy.



## 2.2 Voluntary changes in accounting policies

The Group has performed no voluntary change in accounting policy in 2013 and 2012.

## 2.3 Errors

**Tax bases of property, plant and equipment in the United States.** Imerys has established in 2013 that the documentation of the tax bases of some items of property, plant and equipment acquired in the United States as part of business combinations prior to January 1, 2004 was incomplete. As a consequence, as the opening financial statements of the concerned American entities were prepared, erroneous deferred tax assets and liabilities were calculated, mainly for items of property, plant and equipment. These tax bases were already in use before the acquisition by Imerys. If Imerys had been aware of the actual tax bases from the beginning, the greater part of the deferred tax assets and liabilities of these entities would have been adjusted against the goodwill of the Performance Minerals North America cash generating unit. However since this goodwill was fully impaired in 2008 for an amount of €51.6 million, the correction of error recognized in 2013 impacts consolidated equity as of January 1, 2012. The impact of the correction of error on the consolidated equity is presented hereafter. Debit adjustments are negative and credit adjustments are positive.

(€ millions)	01.01.2012
Other reserves	(11.3)
<b>Statement of changes in equity</b>	<b>(11.3)</b>

The impact of the correction of error on the statement of financial position is presented hereafter. Debit adjustments are negative and credit adjustments are positive.

(€ millions)	Notes	01.01.2012
Deferred tax assets	20	11.3
<b>Statement of financial position</b>		<b>11.3</b>

## 2.4 Estimates

The significant estimates made by the Executive Management as part of the half-year closing are identical in nature to those of the annual closing (*Note 4.1, Chapter 6 of the 2012 Registration Document*). The Executive Management assesses in particular the necessity to perform impairment tests (*Note 17*) and updates the actuarial assumptions of defined benefit plans (*Note 20.1*). It is specified that the income taxes expense (*Note 11*) results from the best estimate of the income taxes rate for the entire period and that interim operations are globally not subject to seasonality or cyclicity. The estimates made by the Executive Management as of June 30, 2013 thus provide a reasonable assessment of the latest reliable information available. They are likely to be revised subsequently to reflect changes in circumstances, new information available and experience effects.

## Note 3 Standards and interpretations effective after the closing date

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On the basis of the last projected adoption agenda of IFRSs within the European Union dated July 22, 2013 published by the EFRAG (European Financial Reporting Advisory Group), Imerys will apply the following standards and interpretations after June 30, 2013.

### 3.1 Application in 2014

**Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets.** These amendments require the disclosure of the recoverable amount of each asset or cash-generating unit for which an impairment loss has been recognized or reversed over the period. These amendments also require the disclosure of information about fair value, where the latter is used in the measurement of the recoverable amount, which is rare in practice in the tests performed at Imerys.

**Amendments to IAS 39, Novation of Derivatives and Continuation of Hedge Accounting.** The objective of these amendments is to allow hedge accounting to continue in case of counterparty novation, i.e. where the original counterparty of a derivative designated as hedging instrument is replaced, further to new laws or regulations, by a new counterparty.

**IFRIC 21, Levies.** This interpretation clarifies certain practical difficulties related to the determination of the date at which a levy, i.e. a tax other than income taxes, is recognized. This interpretation addresses among others the identification of the obligating event of a levy, the tax consequences of the going concern assumption, the levies triggered by thresholds, the measurement of levies in interim financial statements, etc. Imerys is investigating the application of this interpretation but is not anticipating any significant impact.

Besides, the following amendments do not apply to the transactions, events or conditions existing within the Group: Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities.

### 3.2 Application in 2015

As of June 30, 2013, the adoption process of the following standard and amendments is in progress within the European Union.

**IFRS 9 (Phase 1), Financial Instruments: Classification and Measurement.** As of July 29, 2013, the date at which the financial statements are closed by the Board of Directors, the EFRAG has not communicated any indicative adoption date for this standard. On its side the IASB has required in the amendment to IFRS 9 described hereafter a mandatory application as of January 1, 2015. Imerys shall thus apply this standard at this date at the latest, on condition of its prior adoption within the European Union. On this same condition, the Group could decide to apply it by anticipation before January 1, 2015. This standard represents the first step of a reform intended to simplify IAS 39. This first amendment reduces the number of categories of financial instruments through a focus on two measurement bases, i.e. fair value and amortized cost. This amendment shall modify the classification of information disclosed in [Notes 9 and 10](#) without any impact on the recognition and measurement rules of financial instruments. These rules shall however be modified as part of an amendments project in progress as of June 30, 2013: impairment losses of financial assets measured at amortized cost (Phase 2) and hedge accounting (Phase 3).

**Amendments to IFRS 7, Financial Instruments: Disclosures.** These amendments state in particular the disclosures that enable to understand the bridge, at the adoption date of standard IFRS 9, between the old and new financial instruments categories and the old and new measurement rules for the financial instruments held at that date.

**Amendments to IFRS 9, Financial Instruments.** These amendments state in particular that the entities that will adopt IFRS 9 as of January 1, 2015 will not have to restate any comparative period. At that date, the bridge between the old and new financial instruments categories will be explained, as a result of the amendments to IFRS 7, by the disclosures provided in the notes and the difference between the old and new valuations of the financial instruments held at that date will be recognized as an adjustment of the consolidated equity as of January 1, 2015.

## ■ NOTES TO THE CONSOLIDATED INCOME STATEMENT

### Note 4 Revenue

(€ millions)	06.30.2013	06.30.2012	2012
Sales of goods	1,643.6	1,730.0	3,393.6
Rendering of services	237.1	256.2	491.2
<b>Total</b>	<b>1,880.7</b>	<b>1,986.2</b>	<b>3,884.8</b>

Revenue amounts to €1,880.7 million in the 1<sup>st</sup> half of 2013 (€1,986.2 million in the 1<sup>st</sup> half of 2012 and €3,884.8 million in 2012), i.e. a decrease of - 5.3% (+ 9.9% in the 1<sup>st</sup> half of 2012 and + 5.7% in 2012), including a negative effect of - €29.5 million due to foreign currency changes (+ €48.5 million in the 1<sup>st</sup> half of 2012 and + €96.3 million in 2012) and a positive structure impact of + €1.1 million (+ €156.8 million in the 1<sup>st</sup> half of 2012 and + €191.9 million in 2012). At comparable structure and foreign currency rates, it decreases by - 3.9% (- 1.5% in the 1<sup>st</sup> half of 2012 and - 2.1% in 2012).

### Note 5 Raw materials and consumables used

(€ millions)	06.30.2013	06.30.2012	2012
Raw materials	(286.6)	(329.5)	(626.2)
Energy	(193.7)	(206.2)	(397.2)
Chemicals	(38.6)	(41.8)	(79.5)
Other consumables	(91.7)	(94.8)	(183.6)
Merchandises	(47.4)	(55.9)	(112.6)
Change in inventories	1.5	24.8	10.7
Internally generated property, plant and equipment	5.2	5.8	11.4
<b>Total</b>	<b>(651.3)</b>	<b>(697.6)</b>	<b>(1,377.0)</b>

### Note 6 External expenses

(€ millions)	06.30.2013	06.30.2012	2012
Freight	(224.7)	(235.3)	(468.9)
Operating leases	(31.2)	(31.2)	(64.5)
Subcontracting	(50.8)	(60.1)	(112.9)
Maintenance and repair	(49.1)	(54.0)	(100.6)
Fees	(41.2)	(36.0)	(76.0)
Other external expenses	(98.0)	(97.2)	(187.6)
<b>Total</b>	<b>(495.0)</b>	<b>(513.8)</b>	<b>(1,010.5)</b>

## Note 7 Staff expenses

(€ millions)	06.30.2013	06.30.2012 Restated	2012 Restated
Salaries	(282.9)	(285.3)	(583.6)
Social security contributions	(64.6)	(68.4)	(129.9)
Net change in employee benefit liabilities <sup>(1)</sup>	1.5	4.7	11.8
Contributions to defined employee benefit plans	(11.9)	(14.9)	(31.2)
Contributions to defined contribution plans	(11.3)	(11.6)	(22.6)
Profit-sharing	(11.3)	(11.2)	(25.0)
Other employee benefits	(5.0)	(6.0)	(10.3)
<b>Total</b>	<b>(385.5)</b>	<b>(392.7)</b>	<b>(790.8)</b>

(1) After change in accounting policy on employee benefits (Note 2).

## Note 8 Other operating income and expenses

(€ millions)	06.30.2013	06.30.2012	2012
<b>Gain or loss from obtaining or losing control</b>	<b>(3.7)</b>	<b>(3.4)</b>	<b>(8.9)</b>
Transaction costs	(3.0)	(4.0)	(9.2)
Changes in estimate of the contingent remuneration of the seller	-	0.7	0.3
Income from disposal of consolidated businesses	(0.7)	(0.1)	-
<b>Other non-recurring items</b>	<b>(29.7)</b>	<b>(8.5)</b>	<b>(0.5)</b>
Impairment losses on goodwill	-	(1.1)	(31.2)
Impairment losses on restructuring	(1.8)	1.8	(5.0)
Income on non-recurring asset disposals	-	-	64.5
Restructuring expenses paid	(23.5)	(8.2)	(40.0)
Change in provisions	(4.4)	(1.0)	13.1
Share in net income of associates out of the recurring business	-	-	(1.9)
<b>Other operating income and expenses - gross</b>	<b>(33.4)</b>	<b>(11.9)</b>	<b>(9.4)</b>
Income taxes	7.1	8.2	-
<b>Other operating income and expenses - net, Group share</b>	<b>(26.3)</b>	<b>(3.7)</b>	<b>(9.4)</b>

### Other operating income and expenses in the 1<sup>st</sup> half of 2013

The "Other operating income and expenses - gross" amount to -€33.4 million: -€14.9 million in the Minerals for Ceramics, Refractories, Abrasives & Foundry business group (of which mainly -€3.2 million of expenses of provisions and impairments of assets related to restructurings); -€1.7 million in the Performance & Filtration Minerals business group corresponding mainly to restructuring expenses paid; -€8.9 million in the Pigments for Paper & Packaging business group (of which mainly -€3.4 million of restructuring expenses paid); -€5.2 million in the Materials & Monolithics business group (of which mainly -€2.8 million of restructuring provisions); and -€2.7 million in the holdings corresponding mainly to transaction costs on acquisitions and disposals of businesses. After +€7.1 million income taxes, the "Other operating income and expenses - net, Group share" amount to -€26.3 million, of which -€4.3 million with no cash impact and -€22.0 million in cash.

## Other operating revenue and expenses in the 1<sup>st</sup> half of 2012

The “Other operating revenue and expenses - gross” amounted to -€11.9 million: -€3.5 million in the Minerals for Ceramics, Refractories, Abrasives & Foundry business group (of which mainly -€1.2 million of restructuring expenses paid); -€2.7 million in the Performance & Filtration Minerals business group (of which mainly -€5.2 million of restructuring expenses paid); -€0.2 million in the Pigments for Paper & Packaging business group (of which mainly -€1.4 million of restructuring expenses paid); -€3.7 million in the Materials & Monolithics business group (of which mainly -€1.5 million of restructuring expenses paid); and -€1.8 million in the holdings (of which mainly -€3.6 million of transaction costs on acquisitions of businesses). After +€8.2 million income taxes (of which mainly +€5.1 million of extinction of income taxes risks), the 2012 “Other operating revenue and expenses - net, Group share” amounted to -€3.7 million, of which +€0.7 million with no cash impact and -€4.4 million in cash.

## 2012 other operating income and expenses

The “Other operating income and expenses - gross” amounted to -€9.4 million: -€44.8 million in the Minerals for Ceramics, Refractories, Abrasives & Foundry business group (of which mainly -€29.5 million of impairment loss on the goodwill of CGU Fused Zirconia ([Note 17](#)) and -€11.1 million of restructuring expenses paid); -€11.5 million in the Performance & Filtration Minerals business group (of which mainly -€10.9 million of restructuring expenses paid); +€56.4 million in the Pigments for Paper & Packaging business group (of which mainly +€62.7 million of gain on disposal of the Brazilian sea terminal of Barcarena (Pará State) and -€14.9 million of restructuring expenses paid); -€4.1 million in the Materials & Monolithics business group (of which mainly -€4.0 million of restructuring expenses paid); and -€5.4 million in the holdings (of which mainly -€8.3 million of transaction costs on acquisitions and disposals of businesses). Income taxes gains and losses on “Other operating income and expenses” offset each other. 2012 “Other operating income and expenses - net, Group share” thus amounted to -€9.4 million, of which -€28.1 million with no cash impact and +€18.7 million in cash.

## Note 9 Financial instruments

Financial instruments result from contracts whose execution symmetrically creates a financial asset of one party to the contract and a financial liability or an equity instrument of the other party. Financial instruments are related to one of the following categories: “Available-for-sale financial assets” (investments in non-consolidated entities), “Financial assets and liabilities at fair value through profit or loss” (other current financial assets and derivatives not eligible to hedge accounting), “Loans and receivables” (trade receivables, cash and cash equivalents), or “Financial liabilities at amortized cost (bonds, bank loans, trade payables, bank overdrafts).

Hedge derivatives are disclosed in a separate column since the exceptional character of hedge accounting excludes any relation to one of the above categories. [Notes 9 and 10](#) present disclosures on financial instruments in accordance with these categories. The classification logic of financial instrument assets and liabilities transversally applies to their changes in profit or loss ([Notes 9 and 10](#)). For example, “Revenue” is attached to “Amortized cost” as its counterparts in “Trade receivables” or “Cash and cash equivalents” belong to that category in the assets. In addition, in order to enable the reconciliation between the disclosures and the financial statements, these notes include a column “Non IAS 39” that includes the following items:

- non IAS 39 financial assets and liabilities: short-term employee benefits assets and liabilities (IAS 19), share-based payments (IFRS 2), finance lease liabilities (IAS 17);
- non-financial assets and liabilities: intangible assets (IAS 38), property, plant and equipment (IAS 16), mining assets (IFRS 6), inventories (IAS 2), income taxes assets and liabilities (IAS 12), prepaid expenses (IAS 38), provisions (IAS 37), defined employee benefits assets and liabilities (IAS 19), grants (IAS 20).

The tables hereafter disclose the income and expenses before income taxes recognized in profit or loss and equity by categories of financial instruments. The balances of “Other financial income” and “Other financial expenses” are further analyzed in [Note 10](#).

### As of June 30, 2013

(€ millions)	Available- for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives			Total	
		Non derivative	Non hedge derivatives			Fair value	Cash flow	Non IAS 39		
<b>Operating income</b>										
Revenue	-	-	-	1,880.2	-	-	0.5	-	-	1,880.7
Raw materials and consumables used	-	-	-	-	(664.0)	-	-	12.7	-	(651.3)
External expenses	-	-	-	-	(495.0)	-	-	-	-	(495.0)
Other operational income and expenses	-	-	-	28.8	(17.4)	-	0.5	11.7	-	23.6
<b>Financial income (loss)</b>										
Income from securities	-	0.2	-	-	-	-	-	-	-	0.2
Gross financial debt expense	-	-	1.6	-	(27.2)	-	-	-	-	(25.6)
Other financial income	0.2	-	2.3	2.7	69.2	3.2	0.3	19.0	-	96.9
Other financial expenses	-	-	(1.3)	(0.1)	(68.8)	(3.2)	-	(25.9)	-	(99.3)
<b>Equity</b>										
Recognition in equity	-	-	-	-	-	-	(5.1)	-	-	(5.1)
Reclassification in profit or loss	-	-	-	-	-	-	(0.5)	-	-	(0.5)
<b>Total financial instruments</b>	<b>0.2</b>	<b>0.2</b>	<b>2.6</b>	<b>1,911.6</b>	<b>(1,203.2)</b>	<b>0.0</b>	<b>(4.3)</b>	-	-	<b>-</b>
of which impairment losses in profit or loss	-	-	-	(2.8)	-	-	-	(2.8)	-	-
of which reversals of impairment losses in profit or loss	-	-	-	5.3	-	-	-	4.6	-	-

The columns “Hedge derivatives / Fair value” and “Hedge derivatives / Cash flow” of the above table are analyzed as follows:

(€ millions)	Fair value			Total	Cash flow		Total
	Change in fair				Effective portion of hedges	Ineffective portion of hedges	
	value of hedged items	Effective portion of hedges	Ineffective portion of hedges				
<b>Operating income</b>							
Revenue	-	-	-	0.0	0.5	-	0.5
Raw materials and consumables used	-	-	-	0.0	-	-	0.0
Other operational income and expenses	-	-	-	0.0	-	0.5	0.5
<b>Financial income (loss)</b>							
Gross financial debt expense	-	-	-	0.0	-	-	0.0
Other financial income	-	3.2	-	3.2	-	0.3	0.3
Other financial expenses	(3.2)	-	-	(3.2)	-	-	0.0
<b>Profit or loss</b>	<b>(3.2)</b>	<b>3.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>	<b>0.8</b>	<b>1.3</b>
<b>Equity</b>							
Recognition in equity	-	-	-	-	(5.1)	-	(5.1)
Reclassification in profit or loss	-	-	-	-	(0.5)	-	(0.5)
<b>Total financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>(4.3)</b>

## As of June 30, 2012

(€ millions)	Available- for-sale financial assets	Fair value		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives		Non IAS 39 Restated	Total Restated
		through profit or loss	Non derivative			Non hedge derivatives	Fair value		
<b>Operating income</b>									
Revenue	-	-	-	1,990.1	-	-	(3.9)	-	1,986.2
Raw materials and consumables used	-	-	-	-	(724.9)	-	(3.2)	30.5	(697.6)
External expenses	-	-	-	-	(513.8)	-	-	-	(513.8)
Other operational income and expenses	-	-	-	26.2	(25.9)	-	0.7	15.3	16.3
<b>Financial income (loss)</b>									
Income from securities	-	1.4	-	-	-	-	-	-	1.4
Gross financial debt expense	-	-	(0.4)	-	(30.2)	-	-	-	(30.6)
Other financial income <sup>(1)</sup>	0.2	-	3.0	14.8	25.5	1.3	-	20.6	65.4
Other financial expenses <sup>(1)</sup>	(0.2)	-	(1.3)	(0.2)	(45.2)	(1.3)	(0.2)	(27.0)	(75.4)
<b>Equity</b>									
Recognition in equity	-	-	-	-	-	-	0.1	-	0.1
Reclassification in profit or loss	-	-	-	-	-	-	7.4	-	7.4
<b>Total financial instruments</b>	<b>0.0</b>	<b>1.4</b>	<b>1.3</b>	<b>2,030.9</b>	<b>(1,314.5)</b>	<b>0.0</b>	<b>0.9</b>	<b>-</b>	<b>-</b>
of which impairment losses in profit or loss	(0.2)	-	-	(4.0)	-	-	-	(3.8)	-
of which reversals of impairment losses in profit or loss	0.2	-	-	8.5	-	-	-	6.1	-

(1) After change in accounting policy on employee benefits (Note 2).

The columns "Hedge derivatives / Fair value" and "Hedge derivatives / Cash flow" of the above table are analyzed as follows:

(€ millions)	Fair value			Total	Cash flow		Total
	Change in fair				Effective portion of hedges	Ineffective portion of hedges	
	value of hedged items	Effective portion of hedges	Ineffective portion of hedges				
<b>Operating income</b>							
Revenue	-	-	-	0.0	(3.9)	-	(3.9)
Raw materials and consumables used	-	-	-	0.0	(3.2)	-	(3.2)
Other operational income and expenses	-	-	-	0.0	(0.3)	1.0	0.7
<b>Financial income (loss)</b>							
Gross financial debt expense	-	-	-	0.0	-	-	0.0
Other financial income	-	1.3	-	1.3	-	-	0.0
Other financial expenses	(1.3)	-	-	(1.3)	-	(0.2)	(0.2)
<b>Profit or loss</b>	<b>(1.3)</b>	<b>1.3</b>	<b>0.0</b>	<b>0.0</b>	<b>(7.4)</b>	<b>0.8</b>	<b>(6.6)</b>
<b>Equity</b>							
Recognition in equity	-	-	-	-	0.1	-	0.1
Reclassification in profit or loss	-	-	-	-	7.4	-	7.4
<b>Total financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>0.9</b>

As of December 31, 2012

(€ millions)	Available- for-sale financial assets	Fair value through profit or loss		Loans and receivables	Financial liabilities at amortized cost	Hedge derivatives		Non IAS 39 Restated	Total Restated
		Non derivative	Non hedge derivatives			Fair value	Cash flow		
<b>Operating income</b>									
Revenue	-	-	-	3,895.0	-	-	(10.2)	-	3,884.8
Raw materials and consumables used	-	-	-	-	(1,401.4)	-	(3.7)	28.1	(1,377.0)
External expenses	-	-	-	-	(1,010.5)	-	-	-	(1,010.5)
Other operational income and expenses	-	-	-	39.8	(35.1)	-	(1.7)	41.5	44.5
<b>Financial income (loss)</b>									
Income from securities	-	2.0	-	-	-	-	-	-	2.0
Gross financial debt expense	-	-	2.0	-	(61.2)	-	-	-	(59.2)
Other financial income <sup>(1)</sup>	0.3	-	(0.8)	2.8	81.1	(3.1)	-	43.8	124.1
Other financial expenses <sup>(1)</sup>	(0.1)	-	1.8	(0.2)	(83.8)	3.2	(0.2)	(56.7)	(136.0)
<b>Equity</b>									
Recognition in equity	-	-	-	-	-	-	6.6	-	6.6
Reclassification in profit or loss	-	-	-	-	-	-	14.3	-	14.3
<b>Total financial instruments</b>	<b>0.2</b>	<b>2.0</b>	<b>3.0</b>	<b>3,937.4</b>	<b>(2,510.9)</b>	<b>0.1</b>	<b>5.1</b>	<b>-</b>	<b>-</b>
of which impairment losses in profit or loss	(0.1)	-	-	(6.9)	-	-	-	(9.0)	-
of which reversals of impairment losses in profit or loss	-	-	-	12.1	-	-	-	12.4	-

(1) After change in accounting policy on employee benefits (Note 2).

The columns "Hedge derivatives / Fair value" and "Hedge derivatives / Cash flow" of the above table are analyzed as follows:

(€ millions)	Fair value			Total	Cash flow		Total
	Change in fair				Effective portion of hedges	Ineffective portion of hedges	
	value of hedged items	Effective portion of hedges	Ineffective portion of hedges				
<b>Operating income</b>							
Revenue	-	-	-	0.0	(10.2)	-	(10.2)
Raw materials and consumables used	-	-	-	0.0	(3.7)	-	(3.7)
Other operational income and expenses	-	-	-	0.0	(0.3)	(1.4)	(1.7)
<b>Financial income (loss)</b>							
Gross financial debt expense	-	-	-	0.0	-	-	0.0
Other financial income	-	(3.1)	-	(3.1)	-	-	0.0
Other financial expenses	3.2	-	-	3.2	(0.1)	(0.1)	(0.2)
<b>Profit or loss</b>	<b>3.2</b>	<b>(3.1)</b>	<b>0.0</b>	<b>0.1</b>	<b>(14.3)</b>	<b>(1.5)</b>	<b>(15.8)</b>
<b>Equity</b>							
Recognition in equity	-	-	-	0.0	6.6	-	6.6
Reclassification in profit or loss	-	-	-	0.0	14.3	-	14.3
<b>Total financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>5.1</b>



## Note 10 Financial income (loss)

The tables hereafter disclose the financial income (loss) by categories of financial instruments. A description of the categories of financial instruments is provided in [Note 9](#).

### As of June 30, 2013

(€ millions)	Available-	Fair value		Loans and receivables	Financial	Hedge		Non IAS 39	Total
	for-sale	through profit or loss			liabilities at	derivatives			
	financial assets	Non derivative	Non hedge derivatives		amortized cost	Fair value	Cash flow		
<b>Net financial debt expense</b>	<b>0.0</b>	<b>0.2</b>	<b>1.6</b>	<b>0.0</b>	<b>(27.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(25.4)</b>
Income from securities	-	0.2	-	-	-	-	-	-	0.2
Gross financial debt expense	-	-	1.6	-	(27.2)	-	-	-	(25.6)
<b>Other financial income and expenses</b>	<b>0.2</b>	<b>0.0</b>	<b>1.0</b>	<b>2.5</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>	<b>(6.7)</b>	<b>(2.4)</b>
Dividends	0.2	-	-	-	-	-	-	-	0.2
Net exchange rate differences	-	-	-	-	1.3	-	(0.9)	-	0.4
Expense and income on derivative instruments	-	-	1.0	-	-	-	1.2	-	2.2
Net change in employee benefit liabilities - Closed plans	-	-	-	-	-	-	-	0.1	0.1
Contributions to defined employee benefit plans - Closed plans	-	-	-	-	-	-	-	(0.1)	(0.1)
Interest of defined benefit plans assets	-	-	-	-	-	-	-	18.9	18.9
Unwinding of defined employee benefit liabilities	-	-	-	-	-	-	-	(24.1)	(24.1)
Unwinding of other provisions	-	-	-	-	-	-	-	(1.5)	(1.5)
Other financial income and expenses	-	-	-	2.5	(1.0)	-	-	-	1.5
<b>Financial income (loss)</b>	<b>0.2</b>	<b>0.2</b>	<b>2.6</b>	<b>2.5</b>	<b>(26.9)</b>	<b>0.0</b>	<b>0.3</b>	<b>(6.7)</b>	<b>(27.8)</b>

### As of June 30, 2012

(€ millions)	Available-	Fair value		Loans and receivables	Financial	Hedge		Non IAS 39	Total
	for-sale	through profit or loss			liabilities at	derivatives			
	financial assets	Non derivative	Non hedge derivatives		amortized cost	Fair value	Cash flow		
<b>Net financial debt expense</b>	<b>0.0</b>	<b>1.4</b>	<b>(0.4)</b>	<b>0.0</b>	<b>(30.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(29.2)</b>
Income from securities	-	1.4	-	-	-	-	-	-	1.4
Gross financial debt expense	-	-	(0.4)	-	(30.2)	-	-	-	(30.6)
<b>Other financial income and expenses</b>	<b>0.0</b>	<b>0.0</b>	<b>1.7</b>	<b>14.6</b>	<b>(19.7)</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(6.4)</b>	<b>(10.0)</b>
Dividends	-	-	-	-	-	-	-	-	0.0
Net exchange rate differences	-	-	-	-	(4.9)	-	-	(0.2)	(5.1)
Expense and income on derivative instruments	-	-	1.7	-	-	-	(0.1)	-	1.6
Net change in employee benefit liabilities - Closed plans	-	-	-	-	-	-	-	1.9	1.9
Contributions to defined employee benefit plans - Closed plans	-	-	-	-	-	-	-	(1.9)	(1.9)
Interest of defined benefit plans assets <sup>(1)</sup>	-	-	-	-	-	-	-	20.6	20.6
Unwinding of defined employee benefit liabilities	-	-	-	-	-	-	-	(25.2)	(25.2)
Unwinding of other provisions	-	-	-	-	-	-	-	(1.6)	(1.6)
Other financial income and expenses	-	-	-	14.6	(14.8)	-	(0.1)	-	(0.3)
<b>Financial income (loss)</b>	<b>0.0</b>	<b>1.4</b>	<b>1.3</b>	<b>14.6</b>	<b>(49.9)</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(6.4)</b>	<b>(39.2)</b>

(1) After change in accounting policy on employee benefits (Note 2).

## As of December 31, 2012

(€ millions)	Available-	Fair value		Loans and receivables	Financial	Hedge		Non IAS 39 Restated	Total Restated
	for-sale financial assets	through derivative	profit or Non hedge derivatives		liabilities at amortized cost	derivatives Fair value	Cash flow		
<b>Net financial debt expense</b>	<b>0.0</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>	<b>(61.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(57.2)</b>
Income from securities	-	2.0	-	-	-	-	-	-	2.0
Gross financial debt expense	-	-	2.0	-	(61.2)	-	-	-	(59.2)
<b>Other financial income and expenses</b>	<b>0.2</b>	<b>0.0</b>	<b>1.0</b>	<b>2.6</b>	<b>(2.7)</b>	<b>0.1</b>	<b>(0.2)</b>	<b>(12.9)</b>	<b>(11.9)</b>
Dividends	0.2	-	-	-	-	-	-	-	0.2
Net exchange rate differences	-	-	-	-	0.6	-	-	(0.2)	0.4
Expense and income on derivative instruments	-	-	1.0	-	-	0.1	(0.2)	-	0.9
Net change in employee benefit liabilities - Closed plans	-	-	-	-	-	-	-	2.6	2.6
Contributions to defined employee benefit plans - Closed plans	-	-	-	-	-	-	-	(2.6)	(2.6)
Interest of defined benefit plans assets <sup>(1)</sup>	-	-	-	-	-	-	-	42.1	42.1
Unwinding of defined employee benefit liabilities	-	-	-	-	-	-	-	(51.5)	(51.5)
Unwinding of other provisions	-	-	-	-	-	-	-	(3.3)	(3.3)
Other financial income and expenses	-	-	-	2.6	(3.3)	-	-	-	(0.7)
<b>Financial income (loss)</b>	<b>0.2</b>	<b>2.0</b>	<b>3.0</b>	<b>2.6</b>	<b>(63.9)</b>	<b>0.1</b>	<b>(0.2)</b>	<b>(12.9)</b>	<b>(69.1)</b>

(1) After change in accounting policy on employee benefits (Note 2).

## Note 11 Income taxes

### Income taxes recognized in net income

(€ millions)	06.30.2013	06.30.2012 Restated	2012 Restated
<b>Payable and deferred income taxes</b>			
<b>Income taxes payable</b>	<b>(45.7)</b>	<b>(54.6)</b>	<b>(108.3)</b>
Income taxes payable for the period	(49.1)	(58.0)	(111.3)
Income taxes payable - Prior period adjustments	3.4	3.4	3.0
<b>Deferred taxes</b>	<b>(7.3)</b>	<b>(0.9)</b>	<b>(8.3)</b>
Deferred taxes due to changes in temporary differences <sup>(1)</sup>	(7.8)	(0.7)	(9.8)
Deferred taxes due to changes in income tax rates	0.5	(0.2)	1.5
<b>Total</b>	<b>(53.0)</b>	<b>(55.5)</b>	<b>(116.6)</b>
<b>Income taxes by level of income</b>			
<b>Income taxes on current operating and financial income (loss)</b>	<b>(60.1)</b>	<b>(63.7)</b>	<b>(116.6)</b>
Current operating and financial income (loss) taxes payable	(51.0)	(62.5)	(109.2)
Current operating and financial income (loss) deferred taxes <sup>(1)</sup>	(9.1)	(1.2)	(7.4)
<b>Income taxes on other operating income and expenses</b>	<b>7.1</b>	<b>8.2</b>	<b>0.0</b>
Income taxes payable on other operating income and expenses	5.3	7.9	0.9
Deferred taxes on other operating income and expenses	1.8	0.3	(0.9)
<b>Total</b>	<b>(53.0)</b>	<b>(55.5)</b>	<b>(116.6)</b>

(1) After change in accounting policy on employee benefits (Note 2).

## Income taxes recognized in equity

(€ millions)	06.30.2013	06.30.2012 Restated	2012 Restated
Actuarial gains and (losses), assets limitations and excess of the actual return of assets over their normative return in profit or loss <sup>(1)</sup>	(22.2)	16.7	19.2
Other comprehensive income of assets and liabilities held for sale	0.3	-	-
Cash flow hedges	1.9	(2.5)	(7.3)
Income taxes recognized in equity	1.7	-	(2.4)
Income taxes reclassified in profit or loss	0.2	(2.5)	(4.9)
Translation reserve	3.1	3.2	(0.6)
Income taxes recognized in equity	3.1	3.9	(3.4)
Income taxes reclassified in profit or loss	-	(0.7)	2.8
<b>Total</b>	<b>(16.9)</b>	<b>17.4</b>	<b>11.3</b>

(1) After change in accounting policy on employee benefits (Note 2).

## Income taxes paid

The amount of income taxes paid in the 1<sup>st</sup> half of 2013 amounts to €58.1 million (€26.1 million in the 1<sup>st</sup> half of 2012 and €80.0 million in 2012).

## Tax reconciliation excluding non-recurring items

	06.30.2013	06.30.2012 Restated	2011 Restated
Legal tax rate in France <sup>(1)</sup>	36.1%	36.1%	36.1%
Impact of national rate differences <sup>(2)</sup>	(8.2)%	(8.7)%	(8.7)%
Impact of permanent differences and tax incentives	(1.2)%	(1.3)%	(0.5)%
Impact of unrecognized tax losses utilized	(0.8)%	(0.4)%	(1.0)%
Other income taxes at different rates and bases and impact of rate changes on deferred taxes	2.4%	1.2%	0.6%
Other (tax credits, tax losses created and unrecognized, tax reassessments and tax provisions, prior period adjustments)	(0.5)%	1.3%	1.3%
<b>Effective tax rate on current operating and financial income (loss) <sup>(3)</sup></b>	<b>27.8%</b>	<b>28.2%</b>	<b>27.8%</b>

(1) Including social contribution and temporary additional contribution of 5.0% (rectificative law of finance for 2011).

(2) Including 1.8% in the first half of 2013 (2.7% in the first half of 2012 and 2.6% in 2012) resulting from the use by American entities of an Alternative Minimum Tax rate of 20.0% justified by their utilization of income taxes credits.

(3) 27.8% = €60.1 million (income taxes on current operating income) / [€244.0 million (current operating income) - €27.8 million (financial income (loss))].

## Tax reconciliation including non-recurring items

	06.30.2013	06.30.2012 Restated	2011 Restated
<b>Legal tax rate in France <sup>(1)</sup></b>	<b>36.1%</b>	<b>36.1%</b>	<b>36.1%</b>
Impact of national rate differences <sup>(2)</sup>	(8.0)%	(8.9)%	(7.8)%
Impact of permanent differences and tax incentives	(1.2)%	(2.1)%	0.9%
Impact of unrecognized tax losses utilized	(0.6)%	(0.4)%	(2.4)%
Other income taxes at different rates and bases and impact of rate changes on deferred taxes	2.5%	1.4%	0.5%
Other (tax credits, tax losses created and unrecognized, tax reassessments and tax provisions, prior period adjustments)	0.2%	(0.2)%	1.2%
<b>Effective tax rate on operating and financial income (loss)</b>	<b>29.0%</b>	<b>25.9%</b>	<b>28.5%</b>

(1) Including social contribution and temporary additional contribution of 5.0% (rectificative law of finance for 2011).

(2) Including 1.8% in the first half of 2013 (2.7% in the first half of 2012 and 2.6% in 2012) resulting from the use by American entities of an Alternative Minimum Tax rate of 20.0% justified by their utilization of income taxes credits.

## Note 12 Net income, Group share

(€ millions)	06.30.2013	06.30.2012 Restated	2012 Restated
Current operating income <sup>(1)</sup>	244.0	265.4	488.1
Financial income (loss) <sup>(1)</sup>	(27.8)	(39.2)	(69.1)
Income taxes on current operating income <sup>(1)</sup>	(60.1)	(63.7)	(116.6)
Non-controlling interests <sup>(1)</sup>	(1.1)	(1.5)	(1.7)
<b>Net income from current operations, Group share</b>	<b>155.0</b>	<b>161.0</b>	<b>300.7</b>
Other operating income and expenses - gross	(33.4)	(11.9)	(9.4)
Income taxes	7.1	8.2	-
<b>Net income, Group share</b>	<b>128.7</b>	<b>157.3</b>	<b>291.3</b>

(1) After change in accounting policy on employee benefits (Note 2).

## Note 13 Earnings per share

(€ millions)	06.30.2013	06.30.2012 Restated	2012 Restated
<b>Numerator</b>			
Net income, Group share <sup>(1)</sup>	128.7	157.3	291.3
Net income from current operations, Group share <sup>(1)</sup>	155.0	161.0	300.7
<b>Denominator</b>			
Weighted average number of shares used for the calculation of the basic income per share	75,365,106	75,127,597	75,165,743
Impact of share option conversion	941,539	719,504	670,718
Weighted average number of shares used for the calculation of the diluted income per share	76,306,645	75,847,101	75,836,461
<b>Basic income per share, Group share (in €)</b>			
Basic net income per share	1.71	2.09	3.88
Basic net income from current operations per share	2.06	2.14	4.00
<b>Diluted income per share, Group share (in €)</b>			
Diluted net income per share	1.69	2.07	3.84
Diluted net income from current operations per share	2.03	2.12	3.97

(1) After change in accounting policy on employee benefits (Note 2).

The number of potential ordinary shares taken into account in the calculation of the diluted earnings per share excludes the share options out of the money, i.e. those whose exercise price increased by the fair value of services to be rendered is superior to the period average market price of the Imerys share (€49.83 in the 1<sup>st</sup> half of 2013). Potentially dilutive options of the plans of May 2005 to April 2008 as well as the one of April 2011 are thus excluded from the calculation of the diluted earnings per share as of June 30, 2013. No significant transaction has changed the number of ordinary shares and potential ordinary shares between June 30, 2013 and July 29, 2013, date of authorization of issue of the financial statements by the Board of Directors.

## ■ NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Note 14 Goodwill

#### Table of changes

The goodwill recognized upon acquisitions mainly represents development prospects of the acquired businesses within Imerys.

(€ millions)	06.30.2013	06.30.2012	2012
<b>Opening carrying amount</b>	<b>1,003.0</b>	<b>1,019.7</b>	<b>1,019.7</b>
Gross amount	1,034.2	1,021.0	1,021.0
Impairment losses	(31.2)	(1.3)	(1.3)
Incoming entities	108.6	10.0	24.7
Outgoing entities	(0.1)	-	-
Impairment losses <sup>(1)</sup>	-	(1.1)	(31.1)
Exchange rate differences	(13.4)	10.6	(10.3)
<b>Closing carrying amount</b>	<b>1,098.1</b>	<b>1,039.2</b>	<b>1,003.0</b>
Gross amount	1,130.0	1,041.5	1,034.2
Impairment losses	(31.9)	(2.3)	(31.2)

*(1) Impairment losses on goodwill are disclosed in Note 19.*

#### Purchase accounting finalized in the 1<sup>st</sup> half of 2013

Imerys has acquired as of May 24, 2012 100.00% of the voting rights of the Brazilian company Itatex that produces and sells specialties based upon kaolin and clay for paints, polymers and rubbers. This acquisition, paid in cash for an amount of €9.7 million generates a final goodwill of €12.9 million.

#### Provisional purchase accounting in the 1<sup>st</sup> half of 2013

**Goonvean.** As of November 5, 2012, Imerys had acquired 100.00% of the voting rights of the British company Goonvean specialized in the extraction and adding value to kaolin in Cornwall. This acquisition was paid in cash for an amount of €25.8 million, of which €22.7 million in cash and €3.1 million in ore and generates a provisional goodwill of €10.8 million.

**Pyramax.** As of April 10, 2013, Imerys acquired in the United States (Wrens, Georgia) an industrial complex under construction specialized in the manufacturing of ceramic proppants used in the drilling and completion of non-conventional oil and gas wells. Control was obtained by acquisition of 100.00% of the voting rights of the American company Pyramax Ceramics for a total amount of €237.1 million, of which €116.5 million (\$152.1 million) of cash remitted to the seller when control was obtained, €42.1 million (\$55.0 million) of contingent consideration payable in August 2013 and €78.5 million (\$102.5 million) of contingent consideration payable subsequently in accordance with the future industrial and commercial performance of the plant. Provisional goodwill amounts to €98.2 million as of June 30, 2013.

The fair values of assets, liabilities and contingent liabilities of the businesses whose purchase accounting is provisional as of June 30, 2013 present the following amounts:

(€ millions)	Goonvean	Pyramax	Others	Total
<b>Consideration transferred by the Group</b>	<b>25.8</b>	<b>237.1</b>	<b>29.8</b>	<b>292.7</b>
Interest held before control was obtained	-	-	-	0.0
Cash remitted to the seller when control was obtained	22.7	116.5	29.8	169.0
Ore remitted to the seller when control was obtained	3.1	-	-	3.1
Contingent consideration of the seller	-	120.6	-	120.6
<b>Investment of non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>2.3</b>	<b>2.3</b>
<b>Shareholders' investment</b>	<b>25.8</b>	<b>237.1</b>	<b>32.1</b>	<b>295.0</b>
<b>Assets - non-current</b>	<b>22.4</b>	<b>169.6</b>	<b>5.1</b>	<b>197.1</b>
Intangible assets	-	0.1	-	0.1
Property, plant and equipment	21.9	169.5	3.2	194.6
Other receivables	-	-	1.4	1.4
Deferred tax assets	0.5	-	0.5	1.0
<b>Assets - current</b>	<b>7.8</b>	<b>0.3</b>	<b>25.8</b>	<b>33.9</b>
Inventories	4.3	0.1	5.8	10.2
Trade receivables	3.1	-	3.8	6.9
Other receivables	0.3	0.1	2.5	2.9
Cash and cash equivalents	0.1	0.1	13.7	13.9
<b>Liabilities - non-current</b>	<b>(10.9)</b>	<b>0.0</b>	<b>(2.8)</b>	<b>(13.7)</b>
Employee benefits liabilities	(5.0)	-	-	(5.0)
Other provisions	(1.2)	-	(1.8)	(3.0)
Loans and financial debts	-	-	(1.0)	(1.0)
Deferred tax liabilities	(4.7)	-	-	(4.7)
<b>Liabilities - current</b>	<b>(4.3)</b>	<b>(31.1)</b>	<b>(5.9)</b>	<b>(41.3)</b>
Trade payables	(2.1)	(0.1)	(2.2)	(4.4)
Income taxes payable	-	-	(0.2)	(0.2)
Other debts	(0.9)	(9.7)	(3.1)	(13.7)
Loans and financial debts	(1.3)	(21.3)	-	(22.6)
Bank overdrafts	-	-	(0.4)	(0.4)
<b>Identifiable net asset</b>	<b>15.0</b>	<b>138.9</b>	<b>22.1</b>	<b>176.0</b>
<b>Goodwill</b>	<b>10.8</b>	<b>98.2</b>	<b>10.0</b>	<b>119.0</b>
Goodwill, Group share	10.8	98.2	10.0	119.0
Goodwill, share of non-controlling interests	-	-	-	0.0

## Note 15 Intangible assets

(€ millions)	Software	Trademarks, patents and licenses	Mining and use rights	Other intangible assets	Total
<b>Carrying amount as of January 1, 2012</b>	<b>4.9</b>	<b>3.7</b>	<b>14.4</b>	<b>14.7</b>	<b>37.7</b>
Gross amount	62.4	14.1	15.8	41.0	133.3
Amortization and impairment losses	(57.5)	(10.4)	(1.4)	(26.3)	(95.6)
Incoming entities	-	3.0	-	(2.0)	1.0
Acquisitions	1.9	0.6	0.7	9.2	12.4
Increases in amortization	(2.7)	(1.6)	(0.4)	(0.9)	(5.6)
Impairment losses	-	(0.2)	-	(0.4)	(0.6)
Reclassification and other	3.2	-	(0.1)	(0.2)	2.9
Exchange rate differences	(0.1)	0.1	0.3	(0.1)	0.2
<b>Carrying amount as of January 1, 2013</b>	<b>7.2</b>	<b>5.6</b>	<b>14.9</b>	<b>20.3</b>	<b>48.0</b>
Gross amount	62.1	16.9	16.5	45.5	141.0
Amortization and impairment losses	(54.9)	(11.3)	(1.6)	(25.2)	(93.0)
Incoming entities	0.1	-	-	-	0.1
Acquisitions	0.3	0.1	0.1	3.4	3.9
Increases in amortization	(1.4)	(0.6)	(0.1)	(0.8)	(2.9)
Impairment losses	-	-	-	(0.1)	(0.1)
Reclassification and other	0.7	(0.5)	-	17.2	17.4
Exchange rate differences	(0.1)	-	(0.7)	(0.1)	(0.9)
<b>Carrying amount as of June 30, 2013</b>	<b>6.8</b>	<b>4.6</b>	<b>14.2</b>	<b>39.9</b>	<b>65.5</b>
Gross amount	62.3	16.0	15.9	65.6	159.8
Amortization and impairment losses	(55.5)	(11.4)	(1.7)	(25.7)	(94.3)

## Note 16 Property, plant and equipment

(€ millions)	Mining assets	Land and buildings	Plant and equipment	Down payments and assets under construction	Other property, plant and equipment	Total
<b>Carrying amount as of January 1, 2012</b>	<b>502.9</b>	<b>295.9</b>	<b>919.4</b>	<b>126.7</b>	<b>42.1</b>	<b>1,887.0</b>
Gross amount	725.2	543.2	3,156.9	128.7	219.9	4,773.9
Depreciation and impairment losses	(222.3)	(247.3)	(2,237.5)	(2.0)	(177.8)	(2,886.9)
Incoming entities	7.5	2.8	12.9	0.4	8.8	32.4
Acquisitions	42.5	7.4	43.8	149.7	10.6	254.0
Disposals	(0.2)	(6.5)	1.1	(0.7)	(1.2)	(7.5)
Increases in depreciation	(44.7)	(13.7)	(140.3)	(0.1)	(13.6)	(212.4)
Impairment losses	(2.5)	(0.5)	(1.9)	-	-	(4.9)
Reversals of impairment losses	-	0.1	0.3	-	-	0.4
Reclassification and other	1.9	7.6	64.9	(82.1)	8.3	0.6
Exchange rate differences	(14.0)	(6.5)	(22.0)	(5.2)	(0.3)	(48.0)
<b>Carrying amount as of January 1, 2013</b>	<b>493.4</b>	<b>286.6</b>	<b>878.2</b>	<b>188.7</b>	<b>54.7</b>	<b>1,901.6</b>
Gross amount	748.3	511.8	2,988.4	190.7	213.1	4,652.3
Depreciation and impairment losses	(254.9)	(225.2)	(2,110.2)	(2.0)	(158.4)	(2,750.7)
Incoming entities	12.6	0.4	(0.2)	155.4	1.7	169.9
Acquisitions	19.8	1.0	13.1	57.2	2.1	93.2
Disposals	-	(1.4)	(2.1)	(0.7)	(0.8)	(5.0)
Increases in depreciation	(23.0)	(6.3)	(68.3)	0.1	(7.0)	(104.5)
Impairment losses	-	(0.3)	(1.8)	(0.1)	-	(2.2)
Reversals of impairment losses	-	-	0.5	-	-	0.5
Reclassification and other	(33.3)	0.3	44.4	(109.8)	2.2	(96.2)
Exchange rate differences	(9.6)	(6.1)	(20.2)	(4.9)	(0.6)	(41.4)
<b>Carrying amount as of June 30, 2013</b>	<b>459.9</b>	<b>274.2</b>	<b>843.6</b>	<b>285.9</b>	<b>52.3</b>	<b>1,915.9</b>
Gross amount	711.5	494.0	2,917.4	288.0	211.4	4,622.3
Amortization and impairment losses	(251.6)	(219.8)	(2,073.8)	(2.1)	(159.1)	(2,706.4)

The increase in property, plant and equipment as incoming entities in the 1<sup>st</sup> half of 2013 mainly corresponds to the acquisition of the Pyramax industrial complex of ceramic proppants production in the United States (*Note 14*).

## Note 17 Impairment tests

The impairment test on the Cash Generating Units (CGUs) performed systematically on the annual closing is only renewed on the half-year closing where an impairment loss indicator is identified. Since no impairment loss indicator has been identified, the impairment test on the CGUs is not renewed as of June 30, 2013. In 2012, this test had required the recognition of an impairment loss of goodwill of €31.2 million. This impairment loss was recognized in "Other operating income and expenses" (*Note 8*) and related for €29.5 million to the goodwill of CGU Fused Zirconia. The sensitivity tests performed as of December 31, 2012 (*Note 19, Chapter 6 of the 2011 Registration Document*) evidenced that an unfavorable evolution of forecasted cash flows, discount rates or perpetual growth rates could require the recognition of a goodwill impairment on the Fused Zirconia CGU of the Minerals for Ceramics, Refractories, Abrasives & Foundry business group as well as on the Kiln Furniture CGU of the Materials & Monolithics business group. As of June 30, 2013, the evolution of these assumptions does not require the recognition of any impairment. However, these CGUs continue to be subject to careful surveillance.



## Note 18 Inventories

(€ millions)	06.30.2013			06.30.2012			2012		
	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount
Raw materials	273.3	(12.3)	261.0	287.5	(15.2)	272.3	275.7	(12.5)	263.2
Work in progress	66.5	(1.2)	65.3	68.5	(0.4)	68.1	65.3	(0.5)	64.8
Finished goods	279.4	(9.4)	270.0	302.6	(11.9)	290.7	284.5	(12.3)	272.2
Merchandises	42.9	(1.7)	41.2	47.2	(1.9)	45.3	52.5	(1.6)	50.9
<b>Total</b>	<b>662.1</b>	<b>(24.6)</b>	<b>637.5</b>	<b>705.8</b>	<b>(29.4)</b>	<b>676.4</b>	<b>678.0</b>	<b>(26.9)</b>	<b>651.1</b>

## Note 19 Provisions

### 19.1. Employee benefits liabilities

(€ millions)	06.30.2013	06.30.2012 Restated	2012 Restated
Retirement plans <sup>(1)</sup>	180.2	266.3	279.3
Medical plans <sup>(1)</sup>	21.3	23.0	22.2
Other long-term benefits	9.4	9.0	9.1
Termination benefits	6.4	4.9	6.8
<b>Total</b>	<b>217.3</b>	<b>303.2</b>	<b>317.4</b>

(1) After change in accounting policy on employee benefits (Note 2).

The actuarial assumptions used to measure defined benefit plans (retirement plans, medical plans and other long-term benefits) are estimates of the Executive Management. On the major monetary zones, the assumptions hereafter are weighted by the amounts of obligations or assets, depending upon the item to which they apply. The discount rate of the Euro zone is a unique rate, applicable to the obligations of all countries of the zone.

	06.30.2013			06.30.2012			2012		
	United Kingdom	United States	Euro zone	United Kingdom	United States	Euro zone	United Kingdom	United States	Euro zone
Discount rates	4.8%	4.7%	2.7%	4.3%	4.0%	3.5%	4.3%	3.8%	3.3%
Medical cost trend rates	-	7.6%	3.5%	-	7.8%	3.5%	-	7.8%	3.5%

### 19.2. Other provisions

(€ millions)	06.30.2013	06.30.2012	2012
Other non-current provisions	232.3	266.7	246.4
Other current provisions	17.4	20.3	15.7
<b>Total</b>	<b>249.7</b>	<b>287.0</b>	<b>262.1</b>

Other provisions are analyzed as follows:

	Products warranties	Environ- mental and dismantling obligations	Mine sites restoration	Legal, social and regulatory risks	Total
<b>(€ millions)</b>					
<b>Balance as of January 1, 2012</b>	<b>30.8</b>	<b>59.5</b>	<b>98.0</b>	<b>96.1</b>	<b>284.4</b>
Changes in the scope of consolidation	-	0.1	1.6	6.5	8.2
Increases	5.4	4.3	1.1	21.7	32.5
Utilizations	(8.3)	(8.4)	(6.8)	(26.2)	(49.7)
Non-utilized decreases	(1.2)	(1.7)	-	(12.9)	(15.8)
Unwinding expense	-	0.9	2.4	-	3.3
Reclassification and other	0.5	-	-	0.5	1.0
Exchange rate differences	-	-	0.7	(2.5)	(1.8)
<b>Balance as of January 1, 2013</b>	<b>27.2</b>	<b>54.7</b>	<b>97.0</b>	<b>83.2</b>	<b>262.1</b>
Changes in the scope of consolidation	-	-	-	1.7	1.7
Increases	2.4	0.6	1.4	19.5	23.9
Utilizations	(4.4)	(4.5)	(2.7)	(15.1)	(26.7)
Non-utilized decreases	(0.5)	(1.6)	-	(2.6)	(4.7)
Unwinding expense	-	0.4	1.1	-	1.5
Reclassification and other	(1.0)	-	(2.6)	(0.5)	(4.1)
Exchange rate differences	(0.1)	(1.3)	(1.5)	(1.1)	(4.0)
<b>Balance as of June 30, 2013</b>	<b>23.6</b>	<b>48.3</b>	<b>92.7</b>	<b>85.1</b>	<b>249.7</b>

## Note 20 Financial liabilities

### 20.1. Financial debt

The net financial debt is the net position of Imerys towards the market and the financial institutions, i.e. the total of financing liabilities subscribed towards the market and the financial institutions in the form of bonds, bank credits and finance leases, decreased by cash, cash equivalents and other current financial assets. The net financial debt is used in the management of the financial resources of the Group. This indicator is used in particular in the calculation of financial ratios that Imerys has to comply with under financing agreements entered into with financial markets (*Note 20.3 - Borrower's liquidity risk*). The present note analyses the change in the net financial debt in two steps: from current operating income to current free operating cash flow; and from current free operating cash flow to the change in net financial debt. The following table presents the link between the net financial debt and the consolidated statement of financial position with a distinction between non-derivative and derivative financial instruments. Derivative financial instruments included in the calculation of the net financial debt correspond to financing hedge instruments assets and liabilities since they are part of the future cash outflows of this aggregate (*Note 20.3 - Borrower's liquidity risk*). The operational hedge instruments (*Note 20.3 - Derivative instruments in the financial statements*) are not included in the calculation of the net financial debt.

<b>(€ millions)</b>	Notes	<b>06.30.2013</b>	<b>06.30.2012</b>	<b>2012</b>
<b>Non-derivative financial liabilities</b>		<b>1,455.3</b>	<b>1,388.2</b>	<b>1,197.8</b>
Loans and financial debts - non-current		1,009.2	1,032.4	1,011.0
Loans and financial debts - current		436.1	348.2	167.5
Bank overdrafts		10.0	7.6	19.3
<b>Non-derivative financial assets</b>		<b>(396.7)</b>	<b>(340.4)</b>	<b>(318.4)</b>
Marketable securities and other financial assets		(65.4)	(23.3)	(57.8)
Cash and cash equivalents		(331.3)	(317.1)	(260.6)
<b>Hedge derivatives</b>		<b>(4.1)</b>	<b>(8.0)</b>	<b>(4.6)</b>
Financing hedge instruments - liabilities	20.2	2.4	7.2	5.9
Financing hedge instruments - assets	20.2	(6.5)	(15.2)	(10.5)
<b>Net financial debt</b>		<b>1,054.5</b>	<b>1,039.8</b>	<b>874.8</b>

## Current free operating cash flow

The current free operating cash flow is the residual cash flow resulting from current operating business and remaining after payment of current operating income taxes and operating capital expenditure, receipt of the disposal proceeds of operating assets and adjustment from cash changes in operational working capital requirement.

(€ millions)	06.30.2013	06.30.2012	2012
		Restated	Restated
Current operating income <sup>(1)</sup>	244.0	265.4	488.1
Operating amortization, depreciation and impairment losses <sup>(2)</sup>	105.5	109.7	214.7
Net change in operating provisions <sup>(1)</sup>	(12.7)	(18.8)	(39.4)
Share in net income of joint ventures and associates	(2.2)	(3.1)	(3.4)
Dividends received from joint ventures and associates	1.2	1.9	2.5
<b>Operating cash flow before taxes (current EBITDA)</b>	<b>335.8</b>	<b>355.1</b>	<b>662.5</b>
Notional taxes on current operating income <sup>(1) &amp; (3)</sup>	(67.9)	(74.7)	(135.7)
<b>Current net operating cash flow</b>	<b>267.9</b>	<b>280.4</b>	<b>526.8</b>
<b>Paid capital expenditures <sup>(4) &amp; (5)</sup></b>	<b>(119.5)</b>	<b>(116.1)</b>	<b>(257.1)</b>
Intangible assets	(3.9)	(4.9)	(12.4)
Property, plant and equipment	(74.0)	(73.8)	(212.7)
Overburden mining assets <sup>(6)</sup>	(19.5)	(19.1)	(41.5)
Debts on acquisitions	(22.1)	(18.3)	9.5
<b>Carrying amount of current asset disposals</b>	<b>4.1</b>	<b>2.7</b>	<b>4.4</b>
<b>Change in the operational working capital requirement</b>	<b>(23.5)</b>	<b>(36.5)</b>	<b>15.3</b>
Inventories	(1.5)	(24.8)	(10.7)
Trade accounts receivable, advances and down payments received	(70.5)	(68.1)	12.9
Trade accounts payable, advances and down payments paid	48.5	56.4	13.1
<b>Current free operating cash flow</b>	<b>129.0</b>	<b>130.5</b>	<b>289.4</b>

(1) After change in accounting policy on employee benefits (Note 2).

(2) Operating amortization, depreciation and impairment losses	105.5	109.7	214.7
Net operating amortization and depreciation (Appendix 1 of the consolidated statement of cash flows)	105.4	109.5	214.3
Finance leases depreciation (Appendix 3 of the consolidated statement of cash flows)	0.1	0.2	0.4

(3) Effective tax rate on current operating income	27.8%	28.2%	27.8%
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(4) Paid capital expenditure	(119.5)	(116.1)	(257.1)
Acquisitions of intangible assets and property, plant and equipment (Consolidated statement of cash flows)	(119.5)	(116.1)	(257.0)
Finance lease acquisitions (Appendix 3 of the consolidated statement of cash flows)	-	-	(0.1)

(5) Recognized capital expenditures / asset depreciation ratio	92.3%	89.2%	124.2%
The recognized capital expenditures / asset depreciation ratio equals the paid capital expenditures (except for debts on acquisitions) divided by the increases in amortization and depreciation			
Increases in asset amortization and depreciation	105.5	109.6	214.7

(6) Overburden mining assets	(19.5)	(19.1)	(41.5)
Overburden mining assets - capital expenditure	(19.2)	(19.0)	(41.3)
Neutralization of activated restoration provisions	(0.3)	(0.1)	(0.2)

## Change in net financial debt

(€ millions)	06.30.2013	06.30.2012 Restated	2012 Restated
<b>Current free operating cash flow <sup>(1)</sup></b>	<b>129.0</b>	<b>130.5</b>	<b>289.4</b>
Financial income (loss) <sup>(1)</sup>	(27.8)	(39.2)	(69.1)
Financial impairment losses and unwinding of the discount <sup>(1)</sup>	6.7	4.8	10.3
Income taxes on financial income (loss) <sup>(1)</sup>	7.7	11.0	19.2
Change in income tax debt	(11.5)	33.7	34.9
Change in deferred taxes on current operating income <sup>(1)</sup>	9.1	1.0	7.4
Change in other items of working capital	(2.4)	(14.1)	(0.3)
Share-based payments expense	4.2	4.5	8.9
Change in fair value of operational hedge instruments	(0.5)	(0.3)	2.4
Change in dividends receivable from available-for-sale financial assets	0.1	-	(0.8)
<b>Current free cash flow</b>	<b>114.6</b>	<b>131.9</b>	<b>302.3</b>
<b>External growth</b>	<b>(151.9)</b>	<b>(20.5)</b>	<b>(49.1)</b>
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(148.3)	(20.5)	(44.4)
Acquisitions of investments in consolidated entities from non-controlling interests	(3.6)	-	(4.7)
<b>Disposals</b>	<b>0.5</b>	<b>0.0</b>	<b>66.6</b>
Disposals of investments in consolidated entities after deduction of the net debt disposed of	0.5	-	-
Non-recurring disposals of intangible assets and property plant and equipment	-	-	66.4
Disposals of available-for-sale financial assets	-	-	0.2
<b>Cash flow from other operating income and expenses</b>	<b>(22.0)</b>	<b>(4.4)</b>	<b>(54.7)</b>
<b>Dividends paid to shareholders and non-controlling interests</b>	<b>(117.5)</b>	<b>(113.3)</b>	<b>(114.1)</b>
<b>Financing requirement</b>	<b>(176.3)</b>	<b>(6.3)</b>	<b>151.0</b>
Transactions on equity	9.4	3.1	0.8
Net change in financial assets	(1.0)	(4.6)	(3.2)
<b>Change in net financial debt</b>	<b>(167.9)</b>	<b>(7.8)</b>	<b>148.6</b>

*(1) After change in accounting policy on employee benefits (Note 2).*

(€ millions)	06.30.2013	06.30.2012	2012
<b>Opening net financial debt</b>	<b>(874.8)</b>	<b>(1,031.1)</b>	<b>(1,031.1)</b>
Change in net financial debt	(167.9)	(7.8)	148.6
Impact of changes due to exchange rate fluctuations	(13.7)	(2.3)	3.9
Impact of changes in fair value of interest rate hedges	1.9	1.4	3.8
<b>Closing net financial debt</b>	<b>(1,054.5)</b>	<b>(1,039.8)</b>	<b>(874.8)</b>

## 20.2. Derivative instruments

The following table presents the derivative instruments recognized in the assets and liabilities in accordance with the hedged risks: foreign exchange, interest rate and energy price risks. The total of this table distinguishes between on the one hand, non-current and current items and on the other hand, between hedge instruments related to operations (hedge of operating foreign exchange risk and energy price risk) and financing (financing foreign exchange risk and interest rate risk). The fair value including accrued interests of derivative instruments results from a model using observable data, i.e. prices at the closing date provided by third parties active on financial markets (fair value of level 2).

(€ millions)	06.30.2013			06.30.2012			2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
<b>Foreign exchange risk</b>	<b>0.7</b>	<b>8.0</b>	<b>(7.3)</b>	<b>1.2</b>	<b>7.4</b>	<b>(6.2)</b>	<b>1.9</b>	<b>2.9</b>	<b>(1.0)</b>
Forward derivative instruments	0.7	8.0	(7.3)	-	5.3	(5.3)	1.9	2.9	(1.0)
Optional derivative instruments	-	-	0.0	1.2	2.1	(0.9)	-	-	0.0
<b>Interest rate risk</b>	<b>6.4</b>	<b>0.4</b>	<b>6.0</b>	<b>14.0</b>	<b>6.7</b>	<b>7.3</b>	<b>9.6</b>	<b>3.4</b>	<b>6.2</b>
Forward derivative instruments	6.4	-	6.4	14.0	4.4	9.6	9.6	2.3	7.3
Optional derivative instruments	-	0.4	(0.4)	-	2.3	(2.3)	-	1.1	(1.1)
<b>Energy price risk</b>	<b>0.2</b>	<b>0.7</b>	<b>(0.5)</b>	<b>0.1</b>	<b>1.6</b>	<b>(1.5)</b>	<b>0.1</b>	<b>0.8</b>	<b>(0.7)</b>
Forward derivative instruments	-	-	0.0	-	-	0.0	-	-	0.0
Optional derivative instruments	0.2	0.7	(0.5)	0.1	1.6	(1.5)	0.1	0.8	(0.7)
<b>Conversion of financial statements risk</b>	<b>0.0</b>	<b>1.3</b>	<b>(1.3)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Forward derivative instruments	-	1.3	(1.3)	-	-	0.0	-	-	0.0
Optional derivative instruments	-	-	0.0	-	-	0.0	-	-	0.0
<b>Total</b>	<b>7.3</b>	<b>10.4</b>	<b>(3.1)</b>	<b>15.3</b>	<b>15.7</b>	<b>(0.4)</b>	<b>11.6</b>	<b>7.1</b>	<b>4.5</b>
Non-current	6.4	1.7	4.7	14.0	6.7	7.3	9.6	3.4	6.2
Current	0.9	8.7	(7.8)	1.3	9.0	(7.7)	2.0	3.7	(1.7)
Operational hedge instruments	0.8	8.0	(7.2)	0.1	8.5	(8.4)	1.1	1.2	(0.1)
Financing hedge instruments	6.5	2.4	4.1	15.2	7.2	8.0	10.5	5.9	4.6

As part of its policy of management of the foreign exchange, interest rate and energy price risks, Imerys holds derivative instruments intended to hedge certain future purchases and sales in foreign currencies, a portion of its floating rate financing and part of its future energy consumption in the United States, in the United Kingdom and in France. These positions qualify as cash flow hedges. The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss. The detail of these reclassifications at the level of the underlying income and expenses is presented in [Note 9](#). These cash flow hedges are further outlined in the context of the management of foreign exchange, interest rate and energy price risks in [Note 20.3](#).

(€ millions)	Foreign exchange rate risk	Interest rate risk	Energy price risk	Total
<b>Balance as of January 1, 2012</b>	<b>(14.0)</b>	<b>(5.8)</b>	<b>(4.5)</b>	<b>(24.3)</b>
Recognition in equity	(0.4)	1.5	(1.0)	0.1
Reclassification in profit or loss	3.4	-	4.0	7.4
<b>Balance as of June 30, 2012</b>	<b>(11.0)</b>	<b>(4.3)</b>	<b>(1.5)</b>	<b>(16.8)</b>
Recognition in equity	4.3	2.3	(0.1)	6.5
Reclassification in profit or loss	6.0	-	0.9	6.9
<b>Balance as of December 31, 2012</b>	<b>(0.7)</b>	<b>(2.0)</b>	<b>(0.7)</b>	<b>(3.4)</b>
Recognition in equity	(7.3)	1.9	0.3	(5.1)
Reclassification in profit or loss	(0.3)	-	(0.2)	(0.5)
<b>Balance as of June 30, 2013</b>	<b>(8.3)</b>	<b>(0.1)</b>	<b>(0.6)</b>	<b>(9.0)</b>
of which reclassification to profit or loss expected within 12 months	(8.3)	(0.1)	(0.6)	(9.0)

## 20.3. Management of risks arising from financial liabilities

### Transactional currency risk

**Description of the risk.** The transactional currency risk is the risk whereby a cash flow labeled in foreign currency may be subject to a deterioration caused by an unfavorable change in its counterpart in functional currency.

**Management of the risk.** Imerys recommends to its operating entities to perform, to the extent it is possible, their transactions in their functional currencies. Where this is not possible, the transactional currency risk may be hedged on an individual basis by currency forwards, currency swaps and foreign exchange options. These instruments are used as hedges of highly probable budget flows. The corresponding hedges qualify as cash flow hedges.

### Interest rate risk

**Description of the risk.** The interest rate risk is the risk whereby the interest flow due in relation to the financial debt is deteriorated by a rise in the market interest rates.

**Management of the risk.** The objective of the management of the interest rate risk consists in guaranteeing its medium-term cost. The net financial debt is known through a reporting that describes the financial debt of each entity and indicates its components and characteristics. This reporting, reviewed monthly by the Financial Department and quarterly by the Board of Directors, enables the situation to be monitored and the management policy to be adjusted as necessary. The management policy is drawn up by the Group Treasury Department and approved every year by the Financial Department and the Board of Directors. As part of this process, the Group Treasury Department works with first-rank banking institutions and obtains financial data and pricing from information providers. The policy of Imerys is to obtain financing mainly in Euro, the most accessible financial resource and at a fixed rate. Medium-term fixed-rate bond issues are converted to floating rates using interest rate swaps. Given anticipated trends in interest rates in 2013, the Group fixed the interest rate for part of its future financial debt on various terms.

As of June 30, 2013, Imerys holds a certain number of derivative instruments intended to hedge a portion of its debt at floating rate. These instruments include interest rate swaps, options - including caps, floors, swaptions and futures. These instruments qualify as cash flow hedges. The following table presents the amounts before income taxes recognized in equity in this respect as well as the reclassifications in profit or loss. Furthermore, Imerys holds as of June 30, 2013 interest rate swaps intended to hedge the exposure to changes in fair value of the different loans. These instruments qualify as fair value hedges. They hedge the risk of change in the risk-free rate and not the differential corresponding to the credit risk of the Group. The hedged loans and the derivative instruments present the same characteristics.

Currency	Notional amount (in millions)	Fixed rate received	Floating rate paid
Japanese Yen	7,000	2.39%	Libor Yen 6 months
US Dollar	140	4.88%	Libor USD 3 months

The table hereafter provides a breakdown of the financial net debt between floating and fixed rate by currency as of June 30, 2013.

(€ millions)	Euro	US Dollar	Japanese Yen	Other foreign currencies	Total
<b>Debt at fixed rate</b>	<b>807.9</b>	<b>25.6</b>	<b>0.5</b>	<b>0.0</b>	<b>834.0</b>
Debt at fixed rate on issue	807.9	132.6	54.6	-	995.1
Swap fixed rate into floating rate	-	(107.0)	(54.1)	-	(161.1)
<b>Debt at floating rate</b>	<b>245.1</b>	<b>278.8</b>	<b>9.8</b>	<b>(313.2)</b>	<b>220.5</b>
Debt at floating rate on issue	227.3	195.9	6.9	16.0	446.1
Net cash and marketable securities	(154.9)	(37.9)	(18.5)	(175.4)	(386.7)
Swap fixed rate into floating rate	-	107.0	54.1	-	161.1
Exchange rate swap	172.7	13.8	(32.7)	(153.8)	0.0
<b>Net financial debt as of June 30, 2013</b>	<b>1,053.0</b>	<b>304.4</b>	<b>10.3</b>	<b>(313.2)</b>	<b>1,054.5</b>

The following table provides a breakdown of interest rate hedging transactions by foreign currency as of June 30, 2013:

(€ millions)	US		Japanese	Other	Total
	Euro	Dollar	Yen	foreign currencies	
<b>Exposure at floating rate before hedging</b>	<b>245.1</b>	<b>278.8</b>	<b>9.8</b>	<b>(313.2)</b>	<b>220.5</b>
Fixed rate hedges	-	(38.2)	-	-	(38.2)
Swap at average rate of	-	3.91%	-	-	-
<b>Exposure at floating rate after hedging</b>	<b>245.1</b>	<b>240.6</b>	<b>9.8</b>	<b>(313.2)</b>	<b>182.3</b>

The following table presents an evolution of interest rate hedging transactions as of June 30, 2013 and after by maturity dates:

(€ millions)	2013	2014-2018	2019 and later
<b>Total exposure before hedging</b>	<b>220.5</b>	<b>220.5</b>	<b>220.5</b>
Fixed rate hedges	(38.2)	-	-
Swap at average rate of	3.91%	-	-
<b>Total exposure after hedging</b>	<b>182.3</b>	<b>220.5</b>	<b>220.5</b>

## Energy price risk

**Description of the risk.** The energy price risk is the risk whereby the cash flow due in relation to an energy purchase may be subject to a deterioration caused by a rise in its market price. Imerys is exposed to the price risk of the energies that enter into the production cycle of its activities, mainly natural gas, electricity and coal to a lesser extent.

**Management of the risk.** Confronted with the energy price risk, the geographical locations and supply sources of Imerys are diversified. The Group strives to pass on energy price increases to the selling price of its products. Furthermore, the management of the price risk of natural gas, both in Europe and the United States is centralized, the Group Treasury Department being responsible for implementing the framework and resources needed for the application of a common management policy, which includes appropriate use of the financial instruments available in those markets. Since 2006, the Group has strengthened its research programs on alternative energy sources as well as its projects on the reduction of energy consumption under the supervision of a Group Energy Supervisor. Since 2008, energy managers are designated at site level as well as at activity levels. The energy price risk is hedged by forward and option contracts. These instruments qualify as cash flow hedges. The following table summarizes the main positions taken as of June 30, 2013 to hedge the energy price risk.

	Net notional amounts (in MWh)	Maturities
Underlying position	5,077,903	< 18 months
Management transactions	654,471	< 18 months

## Borrower's liquidity risk

**Description of the risk.** The borrower's liquidity risk is the risk whereby Imerys would not be in a position to meet the repayment obligations of its financial liabilities. The maturity on issue as of June 30, 2013 presented hereafter enables to assess the exposure of the Group to this risk. In this table, the utilizations of the syndicated credit are posted in 2013 as well as the foreign exchange swaps included in the financing hedge instruments. It must be noted that the maturity of the syndicated credit is in July 2013.

(€ millions)	2013		2014 - 2018		2019 and later		Total
	Capital	Interests	Capital	Interests	Capital	Interests	
<b>Non-derivative financial liabilities</b>	<b>551.7</b>	<b>13.6</b>	<b>825.9</b>	<b>130.8</b>	<b>54.1</b>	<b>28.8</b>	<b>1,604.9</b>
Eurobond / EMTN	-	-	803.0	115.5	-	-	918.5
Private placements	107.0	4.1	22.9	15.3	54.1	28.8	232.2
Commercial paper issues	221.5	-	-	-	-	-	221.5
July 2013 syndicated credit	179.7	-	-	-	-	-	179.7
Bilateral facilities	-	-	-	-	-	-	0.0
Facilities due within one year	43.5	9.5	-	-	-	-	53.0
<b>Hedge derivatives</b>	<b>(4.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(4.1)</b>
Financing hedge instruments - liabilities	2.4	-	-	-	-	-	2.4
Financing hedge instruments - assets	(6.5)	-	-	-	-	-	(6.5)
<b>Future cash outflows with respect to gross financial debt</b>	<b>547.6</b>	<b>13.6</b>	<b>825.9</b>	<b>130.8</b>	<b>54.1</b>	<b>28.8</b>	<b>1,600.8</b>
<b>Non-derivative financial liabilities</b>	<b>10.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>10.0</b>
Bank overdrafts	10.0	-	-	-	-	-	10.0
<b>Non-derivative financial assets</b>	<b>(396.7)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(396.7)</b>
Other current financial assets	(65.4)	-	-	-	-	-	(65.4)
Cash and cash equivalents	(331.3)	-	-	-	-	-	(331.3)
<b>Future cash outflows with respect to net financial debt</b>	<b>160.9</b>	<b>13.6</b>	<b>825.9</b>	<b>130.8</b>	<b>54.1</b>	<b>28.8</b>	<b>1,214.1</b>
of which items recognized as of June 30, 2013 (net financial debt)	160.9	13.6	825.9	-	54.1	-	1,054.5
<b>Non-derivative financial liabilities</b>	<b>674.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>674.7</b>
Trade payables	412.6	-	-	-	-	-	412.6
Other debts	262.1	-	-	-	-	-	262.1
<b>Hedge derivatives</b>	<b>7.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7.2</b>
Operational hedge instruments - liabilities	8.0	-	-	-	-	-	8.0
Operational hedge instruments - assets	(0.8)	-	-	-	-	-	(0.8)
<b>Future cash outflows</b>	<b>842.8</b>	<b>13.6</b>	<b>825.9</b>	<b>130.8</b>	<b>54.1</b>	<b>28.8</b>	<b>1,896.0</b>

In addition, a large part of the debt at fixed rate on issue being swapped into floating rate, the maturity of the net financial debt after interest rate swap is analyzed as follows:

(€ millions)	2013	2014 - 2018	2019 and later	Total
<b>Debt at fixed rate</b>	<b>11.1</b>	<b>822.9</b>	<b>0.0</b>	<b>834.0</b>
Debt at fixed rate on issue	118.1	822.9	54.1	995.1
Swap fixed rate into floating rate	(107.0)	-	(54.1)	(161.1)
<b>Debt at floating rate</b>	<b>163.4</b>	<b>3.0</b>	<b>54.1</b>	<b>220.5</b>
Debt at floating rate on issue	443.1	3.0	-	446.1
Net cash and other current financial assets	(386.7)	-	-	(386.7)
Swap fixed rate into floating rate	107.0	-	54.1	161.1
<b>Net financial debt</b>	<b>174.5</b>	<b>825.9</b>	<b>54.1</b>	<b>1,054.5</b>



**Management of the risk.** For part of its financing, Imerys is required to comply with several covenants. The main restrictive terms and conditions attached to certain bilateral facilities, to part of the bond issues under private placements and to the syndicated credit are as follows:

- purpose: general corporate financing requirement;
- obligations in terms of financial ratio compliance:
  - the ratio consolidated net financial debt / consolidated equity shall, in accordance with the related financing contracts, be inferior or equal to 1.50 or 1.60 at each half-year or annual closing of consolidated financial statements. As of June 30, 2013, the ratio amounts to 0.46 (0.47 as of June 30, 2012 and 0.39 as of December 31, 2012);
  - the ratio consolidated net financial debt / consolidated EBITDA of the last 12 months shall, in accordance with the related financing contracts, be inferior or equal to 3.75 or 3.80 at each half-year or annual closing of consolidated financial statements. As of June 30, 2013, the ratio amounts to 1.64 (1.51 as of June 30, 2012 and 1.32 as of December 31, 2012).
- absence of any lien in favor of lenders.

The failure to comply with the above obligations on one of the related financing contracts could lead to the cancellation of its available amount and, upon demand of the related creditor(s), make the amount of the corresponding financial debt immediately callable. Apart from two exceptions, the financing contracts of the Group do not provide for any cross default with each other in case of breach of a mandatory covenant applicable to one of these contracts. As of June 30, 2013, Imerys has a long-term rating of Baa2 outlook Stable by Moody's (Baa2 outlook Stable as of June 30, 2012 and Baa2 outlook Stable as of December 31, 2012).

As of April 11, 2012, Imerys has updated its new Euro Medium Term Note program (EMTN) with the Commission de Surveillance du Secteur Financier (Luxemburg). The program amounts to €1.0 billion and enables the issue of notes considered as ordinary bonds of a maturity of one month to thirty years. As of June 30, 2013, outstanding securities total €54.1 million (€69.9 million as of June 30, 2012 and €61.6 million as of December 31, 2012). Imerys also has a commercial paper program limited to €800.0 million (€800.0 million as of June 30, 2012 and €800.0 million as of December 31, 2012) rated P-2 by Moody's (P-2 as of June 30, 2012 and P-2 as of December 31, 2012). As of December 31, 2012, outstanding securities total €221.5 million (€128.0 million as of June 30, 2012 and €120.0 million as of December 31, 2012). As of June 30, 2013, Imerys has access to €1,755.3 million of bank facilities (€1,577.9 million as of June 30, 2012 and €1,795.0 million as of December 31, 2012) part of which secures the issued commercial paper in accordance with the financial policy of the Group.

## Market liquidity risk

**Description of the risk.** The market liquidity risk is the risk whereby a non-confirmed financial resource (commercial paper, bank facility and accrued interests, other debt and facilities) would not be renewed.

**Management of the risk.** Financial resources are the main adjustment variable of the financing capacities available to Imerys. These capacities exist either as drawn financial debt or as financing commitments granted by first-rank banking institutions. Medium-term financial resources provided by the bilateral facilities or the syndicated credit may be used over very short drawing periods (from 1 to 12 months) while remaining available over longer maturities (5 years). The financial resources of the Group amount to €2,922.1 million as of June 30, 2013 (€2,762.9 million as of June 30, 2012 and €2,788.4 million as of December 31, 2012). Imerys manages the amount of its financial resources by comparing it regularly with the amount of its utilizations in order to measure by difference the financial liquid borrowings to which the Group may have access.

The robustness of financial resources is assessed on the basis of their amounts and average maturity as analyzed hereafter:

(€ millions)	06.30.2013	06.30.2012	2012
<b>Financial resources by maturity (€ millions)</b>			
Maturity less than one year	1,157.1	50.0	856.1
Maturity from one to five years	1,688.0	2,619.2	1,848.0
Maturity beyond five years	77.0	93.7	84.3
<b>Total</b>	<b>2,922.1</b>	<b>2,762.9</b>	<b>2,788.4</b>
<b>Financial resources by nature (€ millions)</b>			
<b>Bond resources</b>	<b>987.1</b>	<b>1007.9</b>	<b>993.4</b>
Eurobond / EMTN	803.0	803.0	803.0
Private placements	184.1	204.9	190.4
<b>Bank resources</b>	<b>1,935.0</b>	<b>1,755.0</b>	<b>1,795.0</b>
Syndicated credit	750.0	750.0	750.0
Miscellaneous bilateral facilities	1,185.0	1,005.0	1,045.0
<b>Total</b>	<b>2,922.1</b>	<b>2,762.9</b>	<b>2,788.4</b>
<b>Average maturity of financial resources (in years)</b>			
Bond resources	3.4	4.7	4.0
Bank resources	2.0	2.5	2.3
<b>Total</b>	<b>2.5</b>	<b>3.3</b>	<b>2.9</b>

The table below measures the available financial resources after the repayment of financing from uncommitted resources. It measures the real exposure of Imerys to an illiquidity crisis on both financial and banking markets. As of December 31, 2012, available financial resources, after repayment of uncommitted resources, total €1,480.9 million (€1,390.3 million as of June 30, 2012 and €1,614.5 million as of December 31, 2012), which gives the Group substantial room to maneuver and a guarantee of financial stability.

(€ millions)	06.30.2013			06.30.2012			2012		
	Resources	Utilization	Available	Resources	Utilization	Available	Resources	Utilization	Available
Bonds	987.1	987.1	0.0	1,007.9	1,007.9	0.0	993.4	993.4	0.0
Commercial papers	-	221.5	(221.5)	-	128.0	(128.0)	-	120.0	(120.0)
Committed bank facilities	1,935.0	179.7	1,755.3	1,755.0	177.1	1,577.9	1,795.0	-	1,795.0
Bank facilities and accrued interests	-	11.5	(11.5)	-	20.1	(20.1)	-	30.4	(30.4)
Other debts and facilities	-	41.4	(41.4)	-	39.5	(39.5)	-	30.1	(30.1)
<b>Total</b>	<b>2,922.1</b>	<b>1,441.2</b>	<b>1,480.9</b>	<b>2,762.9</b>	<b>1,372.6</b>	<b>1,390.3</b>	<b>2,788.4</b>	<b>1,173.9</b>	<b>1,614.5</b>

## Conversion of financial statements risk

**Description of the risk.** The conversion of financial statements risk is a form of foreign exchange rate risk whereby the value in Euro of the financial statements of a foreign operation may be subject to a deterioration caused by an unfavorable change in the foreign exchange rate of the functional currency of that business.

**Management of the risk.** Imerys hedges part of its net investments in foreign operations through loans specifically allocated to their long term financing and by the proportion of its financial debt stated in foreign currencies. The foreign exchange differences generated by these loans and financings qualified as hedges of net investments in foreign entities, are recognized in equity so as to neutralize, to a certain extent, the gains or losses of translation of the hedged net investments. As of June 30, 2013, the loans and exchange rate swaps hedging net investments in foreign entities are the following: USD262.9 million, JPY0.0 million, CHF47.5 million, GBP5.0 million and SGD5.4 million (USD532.8 million, JPY1,000.0 million, CHF35.0 million, GBP34.3 million and SGD5.4 million as of June 30, 2012 and USD309.8 million, JPY1,000.0 million, CHF35.0 million, GBP34.2 million and SGD5.5 million as of December 31, 2012).

The table below describes the financial debt before and after the impact of these foreign currencies swaps.

(€ millions)	06.30.2013			06.30.2012			2012		
	Before exchange rate swap	Exchange rate swap	After exchange rate swap	Before exchange rate swap	Exchange rate swap	After exchange rate swap	Before exchange rate swap	Exchange rate swap	After exchange rate swap
Euro	1,035.2	172.7	1,207.9	936.0	(76.3)	859.7	955.3	(21.7)	933.6
US Dollar	328.6	13.8	342.4	345.5	203.2	548.7	150.2	135.8	286.0
Japanese Yen	61.5	(32.7)	28.8	84.3	(44.3)	40.0	65.7	(29.6)	36.1
Other foreign currencies	15.9	(153.8)	(137.9)	6.8	(82.6)	(75.8)	2.7	(84.5)	(81.8)
<b>Total</b>	<b>1,441.2</b>	<b>0.0</b>	<b>1,441.2</b>	<b>1,372.6</b>	<b>0.0</b>	<b>1,372.6</b>	<b>1,173.9</b>	<b>0.0</b>	<b>1,173.9</b>

As of June 30, 2013, the portion of the financial debt in each foreign currency, after swap, is as follows:

(€ millions)					Other foreign currencies	Total
	Euro	US Dollar	Japanese Yen			
Gross financial debt	1,207.9	342.4	28.8	(137.9)		1,441.2
Net cash and marketable securities	(154.9)	(38.0)	(18.5)	(175.3)		(386.7)
<b>Net financial debt as of June 30, 2013</b>	<b>1,053.0</b>	<b>304.4</b>	<b>10.3</b>	<b>(313.2)</b>		<b>1,054.5</b>

## Note 21 Deferred taxes

### Change in deferred taxes

#### As of June 30, 2013

(€ millions)	01.01.2013	Profit or loss	Translation, scope and reclassification	06.30.2013
Deferred tax assets	64.0	9.3	(22.9)	50.4
Deferred tax liabilities	(91.9)	(16.6)	22.4	(86.1)
<b>Net deferred tax position</b>	<b>(27.9)</b>	<b>(7.3)</b>	<b>(0.5)</b>	<b>(35.7)</b>

#### As of June 30, 2012

(€ millions)	01.01.2012 Restated	Profit or loss Restated	Translation, scope and reclassification Restated	06.30.2012 Restated
Deferred tax assets <sup>(1) &amp; (2)</sup>	62.5	11.7	5.0	79.2
Deferred tax liabilities <sup>(1)</sup>	(95.0)	(12.6)	14.2	(93.4)
<b>Net deferred tax position</b>	<b>(32.5)</b>	<b>(0.9)</b>	<b>19.2</b>	<b>(14.2)</b>

(1) After correction of error on the tax bases of property, plant and equipment in the United States (Note 2).

(2) After change in accounting policy on employee benefits (Note 2).

#### As of December 31, 2012

(€ millions)	01.01.2012 Restated	Profit or loss Restated	Translation, scope and reclassification Restated	12.31.2012 Restated
Deferred tax assets <sup>(1) &amp; (2)</sup>	62.5	6.7	(5.2)	64.0
Deferred tax liabilities <sup>(1)</sup>	(95.0)	(15.0)	18.1	(91.9)
<b>Net deferred tax position</b>	<b>(32.5)</b>	<b>(8.3)</b>	<b>12.9</b>	<b>(27.9)</b>

(1) After correction of error on the tax bases of property, plant and equipment in the United States (Note 2).

(2) After change in accounting policy on employee benefits (Note 2).

## ■ OTHER INFORMATION

### Note 22 Changes in the scope of consolidation

**Minerals for Ceramics, Refractories, Abrasives & Foundry (CRAF).** The Minerals for Ceramics, Refractories, Abrasives & Foundry have not known any significant change in their scope of consolidation since the deconsolidation, over the 1<sup>st</sup> half of 2011, of the American entity KT Feldspar Corporation, contributed to a joint-venture specialized in high purity quartz created with the Norwegian group Norsk Minerals and recognized under the equity method.

**Performance & Filtration Minerals (PFM).** The last change in the scope of consolidation of the Performance & Filtration Minerals business group corresponds to the acquisition of the Brazilian company Itatex over the 1<sup>st</sup> half of 2012.

**Pigments for Paper & Packaging (PPP).** The Pigments for Paper & Packaging business group acquired the company Pyramax over the 1<sup>st</sup> half of 2013 (*Note 14*).

**Materials & Monolithics (M&M).** The scope of consolidation of the Materials & Monolithics business group has not significantly changed since the disposal over the 1<sup>st</sup> half of 2009 of the concrete beams activity, an immaterial part of the Clay Roof Tiles & Bricks France activity. Over the 2<sup>nd</sup> half of 2012, the Clay Roof Tiles & Bricks France activity received a binding acquisition offer for another immaterial part of its activity, the clay bricks, walls and chimney blocks activity, whose major classes of assets and liabilities are presented hereafter. As of June 30, 2013, Imerys examines this offer that is pending among others upon administrative authorizations (*Note 25*).

(€ millions)	06.30.2013	06.30.2012	2012	01.01.2012
<b>Non-current assets</b>	<b>80.8</b>	<b>84.4</b>	<b>82.4</b>	<b>87.6</b>
Intangible assets	0.5	-	-	-
Mining assets	35.6	35.8	35.8	36.1
Property, plant and equipment	44.7	48.6	46.6	51.6
Deferred tax assets	0.1	-	-	(0.1)
<b>Current assets</b>	<b>16.1</b>	<b>14.6</b>	<b>16.1</b>	<b>16.1</b>
Inventories	13.1	13.0	13.5	12.9
Trade receivables	1.8	1.5	0.7	1.0
Other receivables	1.2	-	1.9	2.0
Cash and cash equivalents	-	0.1	-	0.2
<b>Consolidated assets</b>	<b>96.9</b>	<b>99.0</b>	<b>98.5</b>	<b>103.7</b>
<b>Equity</b>	<b>53.5</b>	<b>51.0</b>	<b>52.2</b>	<b>53.7</b>
<b>Non-current liabilities</b>	<b>24.4</b>	<b>25.7</b>	<b>25.0</b>	<b>25.7</b>
Employee benefits liabilities	2.8	1.9	1.9	1.9
Other provisions	3.6	5.3	4.5	5.2
Other debts	-	0.6	0.6	0.6
Deferred tax liabilities	18.1	17.9	18.0	18.0
<b>Current liabilities</b>	<b>19.0</b>	<b>22.3</b>	<b>21.3</b>	<b>24.3</b>
Trade payables	11.4	11.4	9.7	11.3
Other debts	7.6	10.9	11.6	13.0
<b>Consolidated equity and liabilities</b>	<b>96.9</b>	<b>99.0</b>	<b>98.5</b>	<b>103.7</b>

## Note 23 Currency rates

(€1 =)	Foreign currencies	06.30.2013		06.30.2012		2012	
		Closing	Average	Closing	Average	Closing	Average
Australia	AUD	1.4171	1.2961	1.2339	1.2553	1.2712	1.2408
Brazil	BRL	2.8980	2.6700	2.5448	2.4128	2.6962	2.5092
Canada	CAD	1.3714	1.3346	1.2871	1.3044	1.3137	1.2847
Chile	CLP (100)	6.5905	6.2877	6.4175	6.3882	6.3094	6.2495
China	CNY	8.0817	8.2005	7.9630	8.1771	8.2931	8.1136
Hungary	HUF (100)	2.9485	2.9616	2.8777	2.9549	2.9230	2.8929
India	INR	78.0869	72.3021	70.8930	67.5267	72.2732	68.5992
Japan	JPY (100)	1.2939	1.2528	1.0013	1.0337	1.1361	1.0258
Malaysia	MYR	4.1566	4.0431	4.0122	4.0025	4.0378	3.9696
Mexico	MXN	17.0413	16.5199	16.8755	17.1810	17.1845	16.9023
Russia	RUB	42.8450	40.7538	41.3700	39.7057	40.3295	39.9274
Singapore	SGD	1.6545	1.6334	1.5974	1.6397	1.6111	1.6061
South Africa	ZAR	13.0704	12.1195	10.3669	10.2908	11.1727	10.5543
Sweden	SEK	8.7773	8.5289	8.7728	8.8796	8.5820	8.7038
Switzerland	CHF	1.2338	1.2297	1.2030	1.2049	1.2072	1.2054
Taiwan	TWD	38.9929	38.9862	37.7483	38.4975	38.3388	38.0356
Turkey	TRY	2.5210	2.3817	2.2834	2.3367	2.3551	2.3145
Ukraine	UAH	10.6064	10.6831	10.2187	10.4358	10.6259	10.3958
United Kingdom	GBP	0.8572	0.8511	0.8068	0.8230	0.8161	0.8112
United States	USD	1.3080	1.3138	1.2590	1.2970	1.3194	1.2855
Venezuela	VEF	8.1829	7.6403	5.4325	5.5736	5.6689	5.5129

## Note 24 Related parties

### External related parties of Imerys

The related parties of Imerys are the Canadian group Power and the Belgian group Frère-CNP. These groups are the ultimate controlling parties of Imerys. Through their joint venture Parjointco, they exercise joint control on the Swiss group Pargesa that controls Imerys through a direct investment in the Belgian group GBL. In this respect, Pargesa and GBL are related parties of Imerys. Imerys is not party to any contract with its external related parties.

### Key management personnel of Imerys

The managers qualifying as related parties as of June 30, 2013 are the fifteen members of the Board of Directors (sixteen members as of June 30, 2012 and seventeen members as of December 31, 2012) and the seven members of the Executive Committee (seven members as of June 30, 2012 and seven members as of December 31, 2012) (*Note 29, Chapter 6 of the 2012 Registration Document*).

### **Post-employment benefits for Imerys employees**

The post-employment benefit plans for the benefit of Imerys employees are related parties. The amount of the contributions to external funds recognized as an expense in the 1<sup>st</sup> half of 2013 amounts to €7.8 million (€14.6 million in the 1<sup>st</sup> half of 2012 and €28.7 million in 2012), of which mainly €4.8 million to Imerys UK Pension Fund Trustees Ltd., United Kingdom (€5.6 million in the 1<sup>st</sup> half of 2012 and €12.0 million in 2012) and €1.4 million to Sun Trust Bank, United States (€5.6 million in the 1<sup>st</sup> half of 2012 and €11.1 million in 2012).

### **FCPE Imerys Actions**

The FCPE Imerys Actions is managed by BNP Paribas Asset Management SAS. Its management is controlled by a Supervisory Board of fourteen members, equally made up of shareholders' and Imerys representatives. As Imerys exercises together with the shareholders a joint control over the FCPE Imerys Actions, the FCPE Imerys Actions is a related party. The amounts recognized in the 1<sup>st</sup> half of 2013 (in the 1<sup>st</sup> half of 2012 and in 2012) for the FCPE Imerys Actions are immaterial.

## **Note 25 Events after the end of the period**

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The half-year consolidated financial statements as of June 30, 2013 were closed by the Board of Directors at its meeting on July 29, 2013. On July 26, 2013, the French Competition Authority allowed the disposal project of the Imerys Structure activity to the Bouyer Leroux group ([Note 22](#)). The waiver of this last suspensive condition will enable the legal and financial finalization of the transaction in the fall of 2013.





# 4 | Statutory auditors' review report

## **Deloitte & Associés**

185, avenue Charles-de-Gaulle  
92524 Neuilly-sur-Seine Cedex  
S.A. au capital de € 1.723.040

Commissaire aux Comptes  
Membre de la compagnie régionale de Versailles

## **ERNST & YOUNG et Autres**

1/2, place des Saisons  
92400 Courbevoie - Paris-La Défense 1  
S.A.S. à capital variable

Commissaire aux Comptes  
Membre de la compagnie régionale de Versailles

## **Statutory auditors' review report on the first half-yearly financial information**

Period from January 1 to June 30, 2013

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

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Imerys, for the period from January 1 to June 30, 2013, and
- the verification of the information contained in the interim management report.

These condensed half-yearly 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 condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to note 2.1 “Mandatory changes in accounting policies” to the condensed half-yearly consolidated financial statements and in particular impacts on the application of the amendments of IAS 19 “Employee benefits”.

### **2. Specific verification**

We have also verified the information presented in the interim management report in respect of the condensed half-yearly financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 29, 2013

The Statutory Auditors

*French original signed by*

**Deloitte & Associés**

Arnaud de Planta

**ERNST & YOUNG et Autres**

Jean-Roch Varon



154, rue de l'Université – 75007 Paris – France  
Telephone: +33 (0) 1 49 55 63 00  
Fax: +33 (0) 1 49 55 63 01  
[www.imerys.com](http://www.imerys.com)

**Imerys - French limited liability company (société anonyme)  
with Board of Directors**

Share capital €150,737,092  
Trade register RCS Paris B 562 008 151

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**Financial communication:**

Telephone: +33 (0) 1 49 55 66 55  
Fax: +33 (0) 1 49 55 63 16  
e-mail: [finance@imerys.com](mailto:finance@imerys.com)